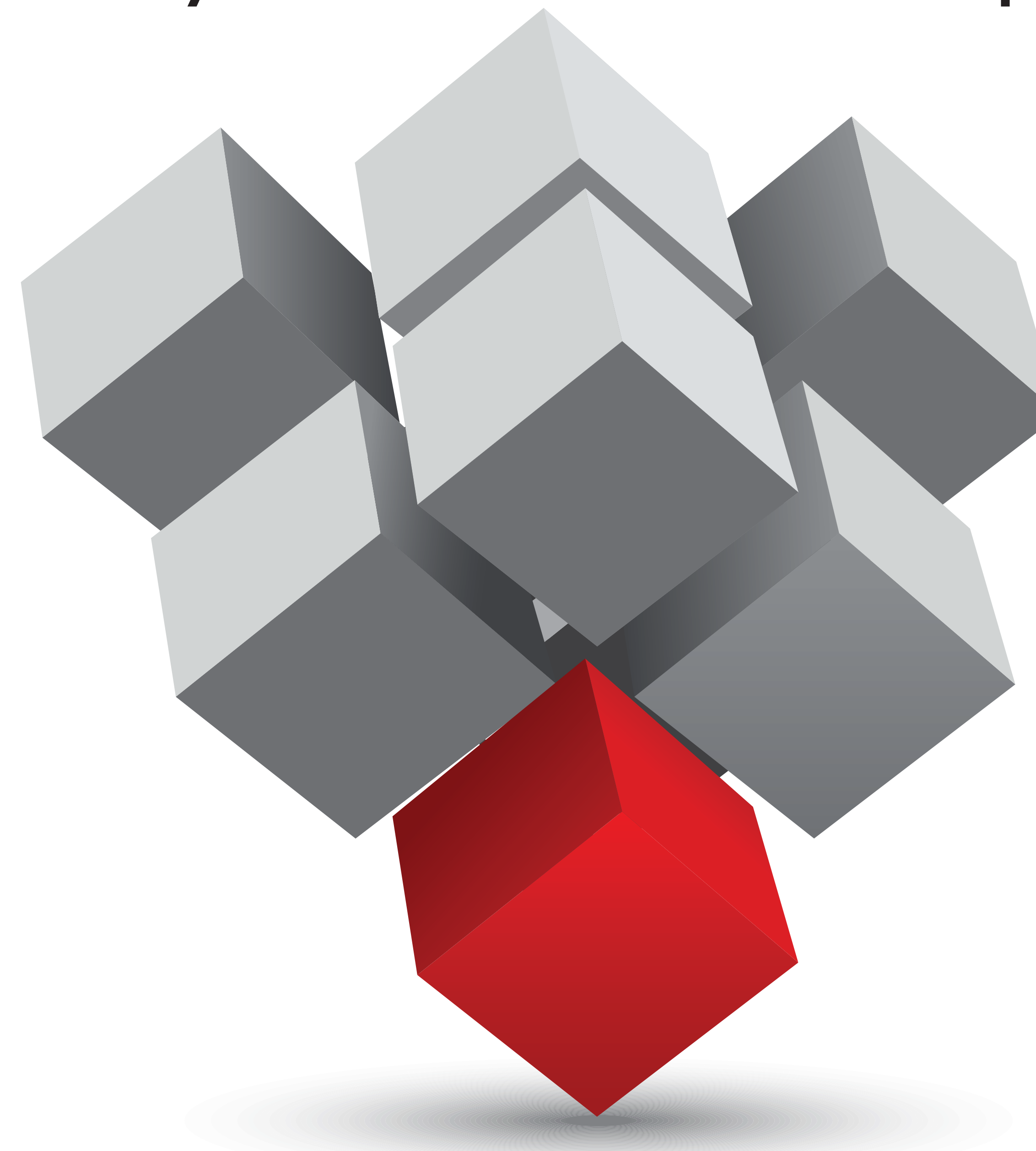
Competitive Intelligence

A 10-year Global Development



by Jonathan Calof, Nisha Sewdass and Rubén Arcos

Normally my column would address an aspect of event intelligence, but this one will be slightly different. I have invited my co-researchers, Nisha Sewdass from South Africa and Rubén Arcos from Spain, to share some of our research results from a recent study on competitive intelligence practices. The study, supported by SCIP, looked at competitive intelligence practises of SCIP members and others around the world. We are presenting the results here as a service to SCIP members and in gratitude to the SCIP team for their support of this study. SCIP has helped us immensely in all aspects of this study.

It's been a little over ten years since SCIP and the Competitive Intelligence Foundation examined CI practices from around the world. In 2006, the Competitive Intelligence Foundation released a report titled State of the Art: Competitive Intelligence. In the introduction of the report, the study is referred to as, "a snapshot of who we are (competitive intelligence professionals), what we are doing (what competitive intelligence is), and who we are doing it for (clients and companies)." We have attempted to replicate elements of this study and updated some of the questions based on what CI practitioners told us are evolutions and developments in the field. For those of you who are reading this and have not filled out our questionnaire but want to participate in the study, the survey is still live at: https://www.surveymonkey.com/r/HR7HGGK. Our study looks at multiple aspects of intelligence practice such as structure and organization, focus, information sources used, analytical techniques, communication methods, management including evaluation and also aspects of innovation. Not only are there similarities in the questions asked between the 2006 State of the Art: Competitive Intelligence study and ours, both studies also dominantly draw on SCIP members. With this much similarity between the two studies, comparisons are possible and are presented in our article to give the reader a bit of insight into how intelligence has evolved in the past 10 years. A caveat to this though (due in part to our inner academes) is that the methodologies of the two studies were a little different and no statistical testing was done so the comparisons can be questioned. Some additional findings from our study are also presented so that you can get a sense of some of the developments we noted beyond those of the *2006 State of the Art: Competitive Intelligence study*. Again, not all of the results are presented, but we are happy to share the complete findings with anyone who is interested. For those of you interested in *the 2006 State of the Art: Competitive Intelligence study*, it is available to SCIP members at http://www.scip.org/?page=SCIPResearch. It is an excellent and thorough study that we urge all SCIP members to download and study.

CI/SCIP RESPONDENTS HAVE BECOME MORE GLOBAL

One of the first things that struck us in looking at our survey results versus those of *the 2006 State of the Art: Competitive Intelligence study* was how global CI had actually become. In the 2006 study, 77% of the respondents came from North America, and that percentage was dramatically different in our 2016 study with 35% coming from North America. Further, 62 of the respondents in the 2006 study came from Europe, while with ours that number increased to 117. Africa had 12 respondents in 2006 and 76 in 2016.

CI ORGANIZATION

One thing that came from what we saw in the results was what over the past 10 years CI has become far more formalized and entrenched within organizations. In 2006, 50% of the respondents said that they had managers with identified CI responsibility, and by 2016 71% of the responding organizations said that they had a manager with CI responsibilities (table 1). The informal CI function dropped down 7% between the two studies, with centralized CI functions growing to 41% in 2016. What also struck us was how widespread CI had become in organizations. For example, in the 2016 study 57% of respondents indicated that there were multiple parts of the organization doing intelligence related activities. A number of the respondents for example had a centralized competitive intelligence unit along with a customer or competitor insight function as well. Similar to the *2006 State of the Art Competitive Intelligence study*, the dominant title for the department or unit responsible for intelligence was Competitive or Business Intelligence, but in our 2016 study other names were evident, such as Competitor Insight (13%).

The debate 10 years ago was whether you really needed a dedicated person for competitive intelligence and a formal structure, it appears based on the results of this study that respondents are moving towards a more formalized intelligence structure. As well, when we looked at this formality (centralized or decentralized, mixed vs. informal/having a CI manager vs. not having one) we found that the formal structure was associated with more innovative firms and with business decisions being better facilitated and supported by intelligence efforts.

Table 1: *How Competitive Intelligence Is Organised*

CI Practices

	2006	2016
Centralized CI function	34%	41%
De-centralized: Each department or functional line of business does its own CI	11%	13%
Mixed: Some activities are done centrally while others are done independently	31%	33%
Informal: No structured CI function	20%	13%
Percent with managers who have CI responsibility	50%	71%

Both the 2006 and 2016 studies looked at various elements of CI practices, such as, the inclusion of formal CI procedures, specific CI ethical guidelines, and a formal/written CI strategy. And nearly 50% of all respondents reported that these types of practice still took place.

Also, each study looked at employee knowledge and participation in CI. Table 2 provides the breakdown by extent of employees' knowledge and involvement with competitive intelligence.

Competitive Intelligence activities are enhanced when employees know about and are actively involved in their firm's competitive intelligence efforts. In 2006, only 1% reported that none of their employees knew CI existed and only 3% reported no employee participation in CI. Similarly, in 2016, 1% of respondents reported that no employees knew CI existed and 5% reported that no employees participated in it.

Table 2: *Employee Knowledge and Involvement in CI*

How many employees know CI Exists	2006	2016
None	1%	1%
Few	18%	16%
Some	30%	34%
Most	31%	36%
All	20%	13%
How many employees Participate in CI activities	**2006**	**2016**
None	3%	5%
Few	36%	31%
Some	37%	45%
Most	11%	13%
All	13%	6%

THE FOCUS OF COMPETITIVE INTELLIGENCE

In both studies participants were asked several questions about the focus of their competitive intelligence program. Respondents were asked what decisions were supported by competitive intelligence (for example, the extent to which corporate or business strategy decisions were supported by competitive intelligence) and competitive intelligence products/deliverables (for example, how often they produce customer or company profiles). Specific to the 2016 study, we asked the percent of intelligence time spent on different targets (customers, competitors, government, suppliers, partners, Universities, professional associations, and other research institutions) and also the temporal orientation of projects, whether that's less than 1 year, 1-5 years, 6-10 years, or more than 10 years in terms of projection.

Both studies pointed to a wide range of decisions being supported by competitive intelligence (table 3) with corporate or business strategy and product development being the most frequently cited types of decisions supported by CI both in 2006 and 2016. In terms of the type of product deliverables (intelligence focus) in most categories, frequency was higher in 2016 compared to 2006. This was most notable in market industry/report/analysis – 55% reported doing this frequently in 2016 compared to 32% in 2006 (table 4).

Regarding the aspects which were not covered in the *2006 State of the Art Competitive Intelligence study*, we noted that less than 50% of intelligence efforts were focused on competitors (46%) – with 24% on customers, 8% on government, 6% both on suppliers and partners, 4% on professional associations, another 4% on other research institutions, and 2% on universities. This may represent a broadening of the focus of intelligence, and is something we hope to track more in the future. Respondents also indicated that their temporal orientation of intelligence was broad with 50% of the projects being focused on predicting events over the next year, 37% in the next one to five years, and 13% greater than five years. The broadening of the intelligence focus is consistent with SCIP's integrated intelligence concept.

Table 3: *What Business Decisions Does CI Support in Your Organization*

	2006		2016	
	% saying they do it*	% saying frequently	% saying they do it	% saying frequently
Corporate or Business Strategy	97%	54%	98%	47%
Market entry	94%	39%	95%	42%
M&A, JV, Due Diligence	84%	26%	88%	30%
Product Development	94%	37%	91%	39%
Regulatory/Legal	81%	13%	83%	15%
R&D	89%	24%	92%	29%
Sales or Business Devel-opment	97%	49%	97%	46%

***after eliminating the don't know response category**

Table 4: *How Often Does Your Department Produce the Following Competitive Intelligence Products or Deliverables.*

	2006		2016	
	% saying yes they do it	% saying frequently	% saying yes they do it	% saying frequently
Company profiles	95%	53%	97%	51%
Customer profiles			85%	26%
Supplier profiles			70%	9%
Customer or supplier profile	87%	26%		
Executive profiles	80%	16%	87%	17%
Competitive benchmarking	93%	39%	95%	44%
Early warning alerts	87%	34%	87%	31%
Economic analysis			89%	24%
Political analysis			77%	13%
Economic/Political analysis	80%	17%		
Market/industry report/analysis	91%	32%	98%	55%
Technology as-sessments	84%	24%	88%	27%

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COMPETITIVE INTELLIGENCE - INFORMATION GATHERED

Where do CI practitioners get their information from? When comparing the results of the two studies, online sources had increased in prominence in the 2016 results. In the 2006 study the most important source of information came from print and online publications, and internet websites being second. According to respondents in the 2016 study, the most important source of information used was the internet, followed by print and online sources; and third were the internal databases (this was ranked much lower in the 2006 study). Primary sources of information such as employees, customers, and industry experts continue to be very important as were trade shows, showing that despite the growth in the power and scope of the internet and other online sources, CI practitioners recognize the importance of primary sources. We specifically asked about the use of social media as a source for competitive intelligence, something not asked in the 2006 study, and this was ranked between moderately important and very important by respondents with LinkedIn being the highest ranked of the social media sources.

COMMUNICATING INTELLIGENCE RESULTS

How do CI practitioners communicate their competitive intelligence results? The 2006 study looked at the relative importance of printed alerts or reports, presentation/staff briefings, central database, teleconference, emails, personal delivery, newsletters and corporate intranet. We looked at the same communication vehicles and asked respondents, "Which one of the following methods does your organization currently use to distribute and present intelligence findings?" The response categories ranged from don't know, never to frequently. Similiar to the 2006 State of the Art Competitive Intelligence student, multiple techniques were used with email being the most consistent approach, with 97% saying they used e-mail. In looking at the changes between 2006 and our 2016 study, it appears that central databases are used more in the 2016 study, as were teleconferences and newsletters. In terms of personal methods of presentation, the results were somewhat mixed, presentations/staff briefings were used in a sense equally between both 2006 and 2016 studies, with 93% saying they used this technique, but 54% of the respondents in the 2016 study said it was used frequently, versus 34% in the the 2006 study. This would suggest more use of in-person methods of delivery, but personal delivery was used less in 2016 than it was in 2006, with 91% versus 82% saying some use it, and 37% versus 25% saying it was used frequently.

MANAGING AND EVALUATING COMPETITIVE INTELLIGENCE

Assessing CI effectiveness and the value of CI is something that has been important within the CI community for a while and a topic that has been gaining increased attention in the past decade. In comparing the results of our 2016 study to the 2006 study results it appears that the importance of CI evaluation is increasing – in particular the 2006 study reported that 30% of those responding to the questions said they had no effectiveness measure, compared to 19% in 2016. In terms of the measures used to evaluate CI effectiveness customer satisfaction was number 1 in both studies with decisions made/supported being second highest (table 5).

Table 5 : *How Intelligence is Evaluated*

Method	2006	2016
Assessing CI Effectiveness:		
No effectiveness measure	30%	19%
Customer satisfaction	58%	53%
Decisions made/supported	48%	45%
CI productivity/output	40%	35%
Strategies enhanced	38%	32%
New products or services	22%	20%
ROI	14%	13%
The value of CI:		
New or increased revenue	29%	25%
New products or services developed	28%	24%
Cost savings or avoidance	27%	19%
Financial goals met	20%	16%
Profit increases	20%	15%
Time savings	22%	14%

CONCLUSIONS

This article has presented some of the results of our 2016 study on competitive intelligence practices and compared them to a similar study done by the Competitive Intelligence Foundation in 2006. Based on our study, many aspects of intelligence have changed over the past ten years. CI or SCIP respondents, being the primary sample population, were more global in the 2016 study. CI is more formalized today with a higher incidence of centralized intelligence structures and designated CI managers. The use of internet and technology both for gathering information and communicating intelligence results also appears to have grown as has the range of what we are focusing on in intelligence projects. Intelligence is getting broader in application. While certain elements have changed in the past ten years many have stayed the same – methods of evaluation continue to focus on customer satisfaction and impact, analysis is important with SWOT and competitor analysis topping the list of techniques used. Employee knowledge of involvement in competitive intelligence continues to be high and email continues to be the most frequently used method to communicate intelligence results. Our study has also linked these results with innovation questions that were asked in the survey showing a link between competitive intelligence practice, focus and organization being more innovative. We will report more on this in a future article.

ABOUT THE AUTHORS

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