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Competitor Intelligence



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You are sure to remember the legendary competitive histories between the two shampoo brands 2-in-1, Rejoice from P&G and Dimension from Unilever, several years ago, right? This case is one good example to depict how a company applies competitor intelligence.

At that time, Unilever came out before P&G to launch a brand in the same product category, whereas actually P&G was the first one to discover the 2-in-1 shampoo formula. Unilever with their competitor intelligence was able to steal that formula from P&G and launch their own product earlier than P&G through their brand Dimension.

This story actually can give a picture to us that competitor intelligence can become one of the strong foundations that can be used by a company in doing a marketing strategy. Despite this, the fact in the field shows that only a few competitors apply competitor intelligence systematically. If there is one, usually it tends to be unplanned and sporadic.

In all industry sectors, the majority of companies in planning their marketing strategies still base the information that they receive from the market through customer research. Many companies that are too focused on the viewpoint of the customers become off target and do not pay attention to what their competitors are doing.

Actually, there are already several companies that strive to understand and observe the actions of their competitors. This is an obligatory activity that should be done as a part of marketing activities. Despite this, all of these competitive environment

analysis activities still do not have much of an appropriate place in companies or are still subordinate from the customer research process.

By knowing what competitors are doing, it makes it possible for a company to predict which direction a competitor will go in, and also to find out what the strengths and weaknesses of a competitor are. By having a supply of knowledge about competitors, it should make it possible for a company to organize their marketing strategies to defeat their competitors. Sun Tzu in his famous book *The Art of War* stated, "*If you know yourself, but not your enemy, for every battle won, you will suffer a loss. If you know your enemy and yourself, you will win every battle.*"

Then, how can a company apply competitor intelligence? According to Aaker (1995), a marketing analysis always needs information about customers and competitors. After identifying the competitors, the next step that needs to be done is to find out what they are doing and what they will do, along with try to find out their strategies and abilities from various different perspectives.

The process of analyzing competitors can start from the following questions: Who are the competitors? Who do we usually compete with? Who is our most aggressive competitor? Who are our average competitors now but could become a serious threat in the future? Who are our indirect competitors? Can these competitors be grouped into strategic groups based on their assets, abilities, and/or strategies? Who have a potential to enter this industry?

Then, the stages in gathering data are the stages that are determined in competitor intelligence, because it is necessary to obtain credible data sources. Usually, information sources in competitor intelligence can be divided into two parts, which are:

- **Primary Source:** this information is obtained through interviews with people that are related with one's competitors. Usually, this information is obtained from competitors' suppliers, employees, and distributors along with industry associations that the companies are a part of.
- **Secondary Source:** this information is obtained from various media, whether through printed media or electronic media, government organization reports, and reports that are conducted by certain research institutions.

After all of the data and information are successfully gathered, the next step is to do a data analysis, so that in the future a company can know the profiles of their competitors, what are the strengths and weaknesses of their competitors, what are the strategies of their competitors, and other kinds of pertinent information.

With that kind of information, you can anticipate every strategic step that will be taken by your competitors. Just like Sun Tzu said, the key to winning a war is not how you know your own strengths and weaknesses, but more about how to discover your opponent's strengths and weaknesses.

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