CHAPTER THREE

Marketing Intelligence (MI)

Introduction

Information and reliable data form the bedrock of any management decision. They also form the basis for all the diagnostic and prognostic efforts of managers. From a marketing stand point, problems can only be anticipated, identified, analysed and resolved or prevented if accurate and reliable, relevant information can be obtained promptly from both internal and external sources.

Marketing is becoming a battle based more on information than sales power. The impact of competition in the business environment has compelled many organizations to turn around and start scanning the environment for information, so as to have competitive edge over other similar organization within the industry. Organization have to embark on efficient and effective marketing intelligence in order to maintain their competitive position in the industry in light of this.

The marketing environment is changing at an accelerating rate, so the need for real time market intelligence and information had never been more pressing. The shifts are dramatic, from local to national and to global marketing, from buyers needs to buy wants, from price to non- price competition. As companies expand their geographical market coverage, the managers need more information more quickly: as incomes improve buyer become more selective in their choices of goods and services. To predict buyer's responses to different features, styles and other attributes, seller must turn to marketing intelligence. As sellers increase their use of branding, product differentiation, advertising and sales promotion, they equally require information on the effectiveness of this marketing tools.

3.1. Definition of Marketing Intelligence

What is MI?

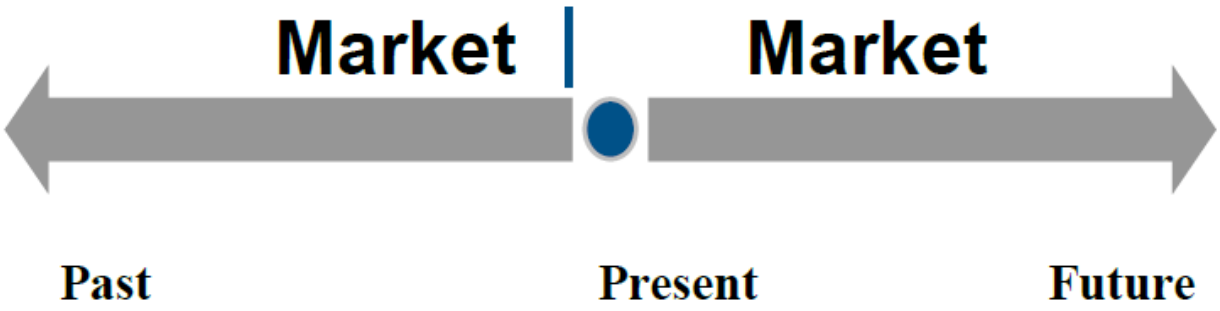
Market Intelligence is a way of working with data and information on a very high level. Basis of MI is a standardized system of data collection from many different sources and its complex analysis.

A Market Intelligence is one that systematically gathers and processes critical business information, transforming it into actionable management intelligence for marketing decisions.

Market Intelligence describes the set of activities that provide a company with a view of a market using existing sources of information to understand what is happening in a market place, what the

issues are, what competitors are doing, what customers or consumers are doing (eg social media) and what the likely market potential is for new products or services based on previous activities and responses.

MI is primarily focused on the future



3.2.Essence of Marketing Intelligence

As a business organisation increases in size and complexity the need for marketing intelligence also increases simultaneously. When addressing the issue of marketing intelligence certain questions needed to be addressed:

1. What environment do firms need to scan or probe?
2. What information in the environment does the firm need to gather?
3. What are those necessary, relevant and up-to-date consumers need and want (in terms of information do we need to have as an organisation?
4. Of what relevance is this information?
5. What techniques are available to marketing executives or managers for scanning?

The above questions coupled with the following questions, make the marketing intelligence indispensable in the modern market.

A. What kinds of people buy our product?
B. What do they value?
C. What do the buy?
D. What kind of new product would they like to see in the market?
E. Why the sudden change in consumers buying patterns?

F. What if our competitors are attracting more consumers and why?

G. What would be the effect of changes in the price of our product?

3.3.Types OF Market intelligence

Broadly speaking Market Intelligence can be divided into two areas depending on the source of the data:

- Market Intelligence based on external data
- Social media monitoring
- Market Intelligence based on internal data

These last two categories are increasingly being redefined as Big Data. However, Market Intelligence is also used to refer to the collection and monitoring of external data such as analysts' reports, competitor financial data, press monitoring or social media monitoring. Increasing attention is on Market Intelligence from internal information that provides an insight into markets and customer behavior, from sources such as databases, prospect lists, website activities, transaction histories, loyalty cards and so on.

3.3.1.Market Intelligence from external data

Market intelligence from external data is normally gathered by looking at secondary information sources, usually through ***desk research*** or carried out through a continuous or semi-continuous monitoring process. Often this means sourcing and analyzing published information to build a picture of a market and to try and answer some specific commercial questions such as what is the market potential, what are competitors future plans likely to be, what prices might customers be willing to pay, what's the best means of entering a market.

Central to successful desk research is the ability to track down sources of information and to provide a skilled analysis to read the data and identify not just the data, but the story behind the data.

For example identifying who your competitors are and analyzing their market position against yours to find strengths and weaknesses and indications of new developments, or identifying potential channel partners or locations to set up new offices.

Market Intelligence specialists usually have a nose for what they don't see and what is missing in the data that they find. These can often translate into hidden market gaps and opportunities.

They also have a sharp sense of how to use partial data such as financial reports, in order to make assessments about general performance - for example whether revenue growth is being led by prices or by sales growth.

To help internal market intelligence or market analysis, many companies use external resources like analyst houses who provide not just data, but also a commentary and advice on the current market picture based on their contact with suppliers and other companies. Many of the analyst houses act as brokers between suppliers, collating information and sharing it more widely. In some industries the analyst house can have very specific and large sets of data such as retail audits.

Competitor intelligence

A specific form of Market Intelligence is competitive intelligence. This is typically undertaken on an on-going basis and involves the collection of news, materials and other information about competitors from a wide variety of sources. This may involve collecting information about market positioning and market messages, core clients or contracts, size and structure of the business and issues like pricing or typical deal structures. Examples might include collecting price-check information, or details of promotional and advertising campaigns, or monitoring news channels for information about new products or new technologies (eg patents). Although competitor intelligence can be carried out as a one off project, in reality, because of its on-going nature, competitive intelligence is often more about putting structures in place to enable information about competitor behaviour to be fed-back and monitored, than specifically finding one-off pieces of data. One key point is that for legal and ethical reasons, competitor research should not be carried out in any underhand way (eg misrepresentation) and so should rely only on openly available information sources.

Competitive intelligence can also use primary sources of data, such as feedback from sales teams, suppliers or distribution channels or feedback based on direct win-loss research that are often used to track bid performance.

Social media monitoring

Increasingly, Market Intelligence can involve collecting data from posts, tweets and other social media. This type of 'market intelligence' overlaps with some forms of market research and with PR monitoring. For some companies, the volume of comment (Big Data) together with the need to manage and monitor across multiple languages and multiple domains mean that large scale software is used to capture and then text-analyze the data to produce what is called sentiment

analysis to gauge the general tone of the online commentary. Social media can provide companies with good insights into the mood of a market about, for instance, a new product that has been launched and it can provide very specific detail and suggestions for product or service improvements. However, much of this monitoring is also about reputation monitoring as part of a communication or PR campaign to allow companies to be alert to negative comment or problems that are publicised via the social networks.

From a data point of view, obviously there are potentially very large sources of data and IT tools for social media monitoring need to be large scale in order to scrape (ie capture) data from a wide range of sites in a similar way to a search engine robot, and then mine this data with text analytics to find useful information. The scraping of data also brings in some ethical issues as some conversations may be deemed to be private particularly in juristictions like Europe, where companies are only allowed to collect information to a legal limit. Obviously this differs from the US where all information in the public sphere can be freely used by businesses.

There is also some caution necessary over how representative views are. Not all sites can be scraped (some like Facebook do not allow social media listening) and those that can be scraped might not be representative and commentators themselves tend to be more active and enthusiastic (positively and negatively) and may not properly represent the views of the whole market. The structure of discussions online also needs to be taken into consideration. For instance more opinions are voiced where there is disagreement than where there is agreement. Although online conversations might not be representative it is quite possible that they include or influence important opinion leaders. For this reason it is advisable to cross-check and validate how sentiments online translate into more representative forms of market research.

3.3.2.Market Intelligence from internal data

While much marketing intelligence is associated with collecting information externally, a great deal of insight can come from making better use of existing information such as customer databases, web-analytics and test-marketing - an area that is increasing being known as 'Big Data' analysis. For instance by carrying out database analysis on orders taken it may be possible to understand where you have cross-sale and up-sale opportunities, or to understand what type of customers are your most profitable. Common database analysis include tracking recency, frequency and value of purchases. Looking for pareto segments. Augmenting database lists with external data to identify purchasing patterns.

Database information is not the only source of market data. Your website may also include a high degree of valuable information about who is looking for your products and services. Web site traffic analysis can help you understand what customers are looking for and why, and can be used in conjunction with test advertising and variations in site and page delivery (eg varying landing pages) to provide direct measurement and enhancement of marketing effectiveness.

One challenge is the increasing volume of data that is potentially available (Big Data). Large sources of data have the potential for showing hidden patterns and correlations within the data. Finding these patterns from a large dataset is a challenging statistical task both to handle the data size and to be able to extract meaning from the potentially infinite number of cross-relationships, without getting lost among false-correlations.

At the moment there is great hope for statistical analysis of Big Data, but it may be more effective to use the flow of information as a means of carrying out more experiments. That is testing something in the market and then seeing how the market reacts. Experiments online can be carried out small scale and very rapidly to test for improvements and refinements - eg A-B testing to see which advertising message works best, or experimental designs to look at how landing page combinations deliver sales conversions. These experimental approaches also translate directly into **algorithmic marketing**. That is, automated rule generation that adjusts marketing communications and messages based on observed responses in a similar way to Amazon's recommendation list, or Google's personalised search.

Finally, don't overlook knowledge about customers, markets and competitors that comes from your staff. Often this is a poorly tapped source of information. Collecting and disseminating such information falls into the realms of customer knowledge management and making better use of this customer knowledge can help businesses focus far more on what the customer wants and says.

3.4.Benefits of Marketing Intelligence

1. **Market and customer orientation** - implementing an MkIS will encourage people throughout the organisation to focus externally.
2. **Identification of new opportunities** - One company in a component industry identified a new trend before the ‘expert’ industry analysts.

3. **Early warning of competitor moves** - through good intelligence, One chemical company thwarted the siting of a competitor's manufacturing plant in one of their most profitable sales territories.
4. **Minimizing investment risk** - ongoing intelligence and analysis is more likely to temper unbridled enthusiasm to follow the bandwagon into those "mustn't miss the window of opportunity" markets
5. **Better customer interaction** - An insurance company downloads into their salespeople's portables up to date profiles, order history and relevant 'news bites', for the clients they are about to visit.
6. **Better market selection & positioning** - good understanding of customer needs and competitor positioning will help a company better carve out its own unique niche
7. **Quicker, more efficient and cost-effective information** - establishment of a system will make information more quickly and easily accessible. One company avoided the need for an expensive piece of market research by tapping into its existing MI.

3.5.MI and market

MI divides market into five basic elements = 5C 's

These are:

- Company ,
- Competitors,
- Clients ,
- Customers &
- Context

Basic Source of Data	Data type
Company	Analysis of hard data, market share
Competitors	Primary & secondary market research
Clients	Market and opinion research
Customers	Satisfaction study ,internal database &
Context	Analysis of customer behavior and macro economic impact

A. Information

A continuous flow of information is the lifeblood of a good market intelligence system - information about new technologies, markets, customers, the economic and regulatory environment etc.

Both formal (routine reporting, factual) and informal information (gossip, opinions) must be tapped.

B. Information Management Processes

With many professionals having external information delivered to their desktops, from online services such as Reuters or MAID, and increasingly from the Internet is easy to believe that users have all the information they need on tap.

However, this is raw information and will need transforming into intelligence. Before that, however, this information must be classified, stored and made accessible - applying good practice principles of Information Resources Management (IRM).

C. Intelligence Development Processes

A good intelligence system is more than information

It is a recurring cycle of linking the needs of decision makers to the processes of turning the information into actionable intelligence.

This requires human interpretation, communicating and sharing of information and perspectives between internal and external experts.

D. Computer Systems

A comprehensive MkIS will combine many of the features of decision support systems, EIS, online databases and library systems. It is therefore likely to include many of the following:

For gathering information: CD-ROMs, online data-base access, data feeds, email, Internet access, filters, intelligent agents etc.

For storage and retrieval: Database/document management facilities, text retrieval, search engines, intelligent agents

For processing and analysis: modelling and visualisation software, groupware, group decision support systems (GDSS)

E. An Organizational Focus

Although many professionals do much of their own information gathering and analysis, there still needs to be a clear focal point of MI responsibility.

This may be a named individual or a small group who have the distinctive skills needed (such as those promulgated by *SCIP - the Society for Competitor Intelligence Professionals*).
Its role is to ensure a cohesive approach and effective interdepartmental co-ordination.

3.6.Steps to succeed in marketing intelligence process

I. Define the Customers.

Always a good place to start! For MI there are usually three distinct groups of customers who will need different solutions:

Field Personnel e.g. sales and service - their needs are immediate and specific: *"I want the price of product X for competitor Y ... and I want it yesterday!"*

Marketers and planners - more strategic but focused; market and product trends to develop marketing plans and adjust the mix - pricing, packaging promotion etc.

Board level management - strategic and broad: general industry and market developments that affect investment and other strategic decisions.

II. Understand Needs

A common starting point is an **information audit** a detailed analysis of information entities - their origins, uses, and formats.

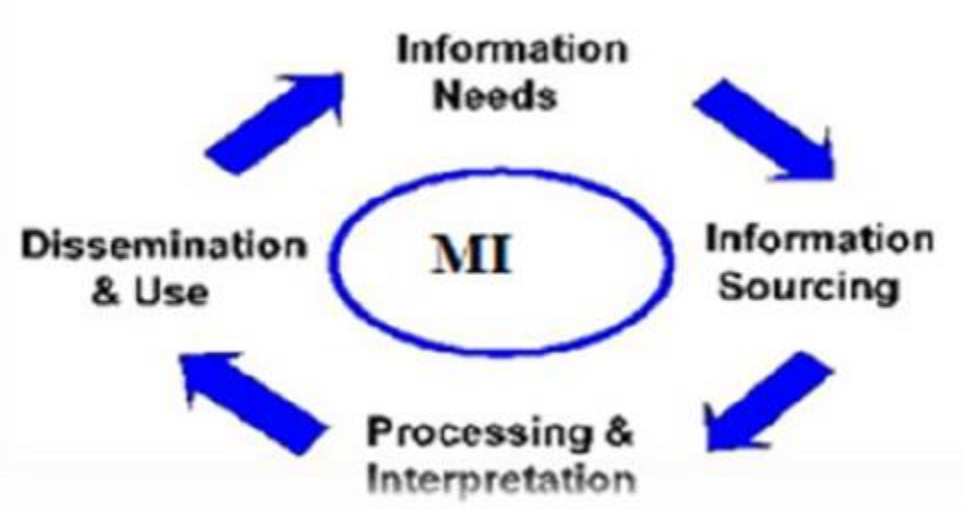


Fig. 3.1 The Cyclic nature of MI

However, we would advocate a less onerous and more focused approach the study of your customers' **work** and **decisions**, using structured interviews (taped if possible), focus groups etc.

III. Map Needs against Decisions & Sources

This will list information originators and users, sources required and decision supported. It will also identify high pay-off opportunities, for example where certain information has multiple uses.

IV. Implement a Sourcing Strategy

The source/needs map from step 3 will point to clusters of information needs that can give economies in purchasing. For example, purchasing a networked CD-ROM may be more cost-effective than doing multiple ad-hoc online searches.

V. Define Information Policies & Standards

Steps 1-4 will reveal, often to many people for the first time, the sheer wealth of information that is available. This step therefore involves classification standards, ownership, life-cycle management standards and agreed 'protocols and procedures' between owners and users.

VI. Select a Pilot Project.

This is to create a 'quick win' to demonstrate the power of an MI. Select a key decision process that involves people across several departments. Pricing can be a good one.

It is something that needs to be reviewed regularly and has direct bottom line impact - a 1% price change flows straight to the bottom line and can equate to more than a 10% change in sales.

The careful selection of a pilot cannot be overestimated. Pick the wrong one, and it be difficult to regain credibility.

VII. Select & Adapt Appropriate Technology

With the selected pilot project acting as a focal point, now is the time to start detailed consideration of the computer solution. The choices are bewildering, and are proliferating daily. Therefore, selecting the right solution may need the involvement (or even the approval) of your MIS department - but make sure they are well-tuned into end-user computing styles (as opposed to the "we'll give users access to the Internet over my dead body" brigade - exact words recently relayed to me by an MIS manager).

VIII. Nurture the Intelligence Processes

This requires encouraging interaction across departmental boundaries and sub-cultures.

Therefore, the creation of events and forums to encourage this interchange is often a useful starting point.

Advanced MkIS users extend their systems access to business partners and external experts as part of this process.

IX. Focus Dissemination

-Intelligence on the shelf - or buried in a computer - is of little use to anyone.

-It needs to reach those in decision making situations.

-This can be in the form of regular dissemination, an alerting service or responding to an ad-hoc requests to the intelligence base.

-Many MIS departments issue weekly or monthly bulletins of key developments. -These should be short and focused.

-They give company relevant and specific information that no external newsletter, with its generic coverage, can provide.

X. **Market the Capability**

Good MI managers create two way interaction with their clients. Use all the techniques of marketing to reach your internal audience and consider carefully the incentives you can offer to encourage the regular inflow of useful information. After all the best intelligence is already probably lying somewhere within your own organisation. It comes from contacts made between employees and the outside world - marketing people at exhibitions, business managers at professional meetings, and perhaps, most important of all salespeople on customer visits etc.