

A strategic approach to market intelligence

In the current climate, as companies search for critical answers to fundamental questions – strategy, products, markets, and partners – they must find short-term solutions for immediate revenue and profit improvements, and also uncover opportunities to create long-term value.

To do so, companies need a deep understanding of their markets – both in terms of overall market size, structure and trends, as well as in each of its myriad details. Piecing together this market intelligence “mosaic” is critical to addressing a company’s strategic and tactical challenges. Each individual element is valuable, and the value created from developing a holistic understanding of the total market ecosystem is enormous.

This article presents a strategic approach to market intelligence, and discusses:

- Issues that require market intelligence
- Typical weaknesses in market intelligence
- How a company should approach market intelligence

Issues that require market intelligence

Today’s operating environment is forcing companies to re-evaluate urgently many of their core strategic assumptions and tactical plans – both to yield immediate improvements and to secure the long-term future. For each of the issues listed below, in-depth market understanding and insight – into customer needs, competitive offerings, channel options, alliance opportunities, and more – is essential to finding the right answers.

Strategy issues

- What strategic objectives and milestones should we set for our company businesses?
- How can we improve our performance in our current businesses, products and markets?
- Which future businesses, products and markets make the most sense for us?
- What business model makes most sense for each of our current and future businesses?
- How should we finance, launch and scale each of our new business, product and market opportunities?

Product issues

- Do we have the right product vision and product roadmap?
- Do our products meet customer needs better than all other alternatives?
- Do we need to revise our current and future product portfolios?
- Do we need to refine our current value propositions – features, benefits, pricing, or positioning?
- Do we need to improve the customer experiences we are delivering?
- Can we innovate compelling new offerings?

Market issues

- Are we focused on the right markets, both in the short and long term?
- Are we focused on the right customers? Segments?
- To what extent, do we understand these markets / customers / segments now and how they will evolve over time?
- Have we accurately defined our customers?
- How can we extend our current customer relationships?
- How can we better educate, win, and grow customers in our current markets?
- Can we identify attractive, new “blue ocean” market niches, with high demand, healthy growth, and limited competition?

Partner issues

- Can we improve our relationships with, and the value we derive from, current partnerships?
- Can we partner to offer better “whole solutions”?
- Can we find partners to help us reach our target markets?
- Which elements of our business system are we best positioned to do ourselves and which can be better performed by other players?

Getting to the answers for any of these questions is challenging. You need to frame the issues correctly – and then use fact-based analysis to establish the facts, explore the options and make sound decisions. Particularly today, there are no second chances. Focusing on the wrong questions, or trying to resolve them in a haphazard manner with incomplete data, is likely to lead to failure.

Typical weaknesses in market intelligence

Though most executives readily acknowledge the need for fact-based analysis and decision-making, many companies do not have, or make best use of, the kind of market intelligence they need to address their key issues and concerns. There are a number of underlying reasons for this:

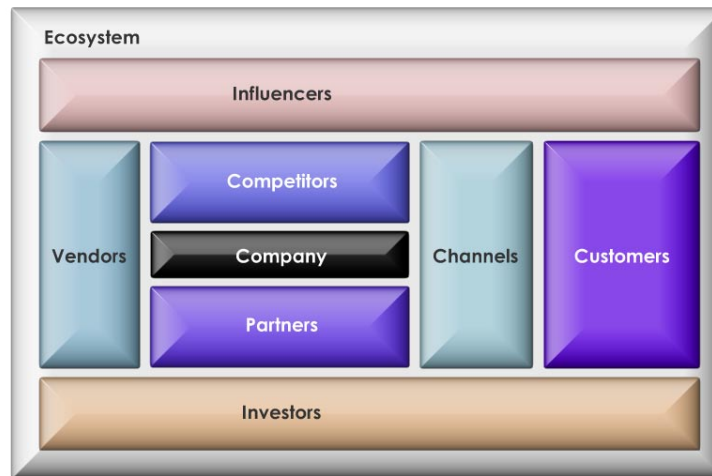
- *Workload and daily pressures* – most company executives are consumed by daily and weekly challenges. They do not have the time or resources to conduct the research and analyses they need, and are instead busy fighting fires.
- *Unclear problem definition* – it is easy to focus on the presenting problem rather than its root cause. For example, executives may battle low sales numbers through sales force improvements and changes instead recognizing the real problem – unclear market and poor product definitions. As a result, the right analyses are not done, leading to poor decision-making.
- *Lack of actionable data* – companies often rely on high-level overview reports from industry analysts that do not adequately present sufficient detail on their specific customers, competitors or channels. The actionable data you need for your particular product market is normally gained only through primary research – in-depth interviews and conversations with market participants.
- *Embedded company beliefs* – almost all companies evolve beliefs over time based on what worked and what didn't in the past. These often develop into a deep-seated set of beliefs that everyone in the company is convinced is the recipe for success. When external conditions change, such companies remain trapped by these mental barriers, and do not notice or realize the implications of these external changes.
- *Ease of relying on internal viewpoints* – constrained by time and money, it is easy for executives to convince themselves that “we know our markets”. However, the vast majority of a company's collective efforts go to convincing the market to purchase its products, not listening to the market to understand its realities. As such, people who think they know the market often “know” it as they want it to be, not as it actually is – and sooner or later the reality of the market intrudes in the form of poor results.
- *Different functional perspectives* – cross-functional discussions are frequently made difficult by the different worldviews of the different functions. Engineers, marketers, salespeople and operations people all see problems in different ways – and in the absence of objective market data, can struggle to find a common language for problem-solving.

How a company should approach market intelligence

To maximize the impact of market intelligence in your company, we recommend the following approach:

Use a holistic framework

Begin by developing a holistic framework of the total ecosystem in your market, to understand the key market categories and players. Then choose the right combination of detailed analyses for the specific issues you need to resolve.



Analysis	Sample goals
Ecosystem	Develop high-level overview of a market and key trends.
Customers	Understand customer needs and problems, and satisfaction with client and competitive solutions
Competitors	Understand competitive value propositions (features, pricing and positioning)
Partners	Identify prospective strategic alliance partners and understand their goals and needs
Channels	Understand the range of channel partner options and their needs and goals
Vendors	Identify the best vendors to manufacture a new product offering
Influencers	Understand the perspectives of key media contacts, industry analysts, and other influencers
Investors	Identify angel, venture capital, private equity or strategic investors focused on your market

Focus on value-creating deliverables

There are three distinct types of outcomes from a well-run market intelligence effort: facts, ideas, and opportunities. When done correctly each type of deliverable can be utilized to solve both short and long-term issues.

- *Facts* – the first deliverable is the facts – just as they are, without internal bias. Establishing the facts, no matter how difficult they may be to acknowledge, is a vital first step to successful problem solving.
- *Ideas* – based on the fact-based understanding of the market realities you face, your intelligence effort should generate a rich set of ideas for you to consider as part of your strategy. Depending on what you are trying to solve they can encompass innovations related to target markets, product offering, business development strategies, go-to-market options, and any other business model components.
- *Opportunities* – your intelligence efforts should also deliver a range of short and long-term opportunities. These can take the shape of potential prospects, partners, influencers, or other parties interested in collaborating with you. These opportunities provide a tangible first step to executing the ideas generated above.

Build a market intelligence capability

Reliable, insightful market intelligence does not just happen – it needs dedicated resources and a systematic process, guided by deep strategic thinking. While this can be successfully done in-house, many companies are better served by engaging an external market intelligence partner. Not only will such a firm bring extensive experience, professionalism and insight to your market intelligence efforts, it is often better positioned than an internal team to gather accurate, objective data on customers, competitors and other market players.

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Companies currently face critical challenges. By implementing a strategic approach to market intelligence, companies can achieve immediate short-term improvements in revenue and profitability, and can lay a solid foundation for long-term success.

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Additional reading and resources

Fleisher, Craig S. and Babette E. Bensoussan. [Business and Competitive Analysis: Effective Application of the New and Classic Methods](#).

A comprehensive collection of methods and frameworks for industry, competitive positioning, product line, strategic relationship, and business model analysis, this book is written by two well authors in the market intelligence space. The book focuses on the analysis phase of the overall intelligence process. Fleisher and Bensoussan have co-authored several books in this space including [Analysis Without Paralysis: 10 Tools to Make Better Strategic Decisions](#), which was published in 2008.

Fuld, Leonard. [“Be Prepared”](#) Harvard Business Review, November 2003. (Subscription required)

A short article based on the results from a 2002 survey conducted by the Fuld-Gilad-Herring Academy of Competitive Intelligence. The main findings of the survey alerted the author to the fact two-third of respondents had been surprised by past high-impact events and 97% of those polled did not have an “early warning” system in place. Fuld offers three steps to building a sophisticated early warning system.

Kahaner, Larry. [Competitive Intelligence: How to Gather, Analyze, and Use Information to Move Your Business to the Top](#).

This book outlines the basics of collecting, making sense of, and making decisions based on information collected from your competitors. It clearly lays out introductory elements to create or improve competitive intelligence in your company.

Yoffie, David B. and Mary Kwak. [“With Friends Like These: The Art of Managing Complementors”](#) Harvard Business Review, September 2006. (Subscription required)

Yoffie and Kwak focus their 2006 HBR article on making sure companies do not overlook complementors, companies that sell complementary products and services, when formulating strategy. In essence, complementors’ products increase the value of your offering to mutual customers. Because of inherent conflicts, it is important to manage these relationships cautiously. The first step in doing so is to perform market intelligence in order to understand what motivates your complementors.

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