

# **Powerful Global Competitive Intelligence in Emerging Markets Or Global Competitive Intelligence Blue Print**

**Ruth Stanat**

The global markets are a tempestuous sea of risks and opportunities for many companies. As the end of the decade approaches, competitive intelligence is not a just a means of growth, but a requirement for survival no matter what the company's size. Missteps and misunderstandings in global markets can cost billions of dollars. Companies are now creating positions dedicated to the strategic objectives of the company, like Chief Strategy Officer, to better direct a company to achieve its competitive objectives. This increased importance of strategic thinking owes itself to the many global companies which have found that their initial assumptions are continuously challenged or flat-out inaccurate.

Emerging markets composed of about 4 billion total consumers currently represent a market value of \$5 trillion. From the most-considered BRIC countries to peripheral markets like Thailand, Turkey and Malaysia, companies not only need market data on their competitors but insight into the *DNA* of their competitors. They need to know recent competitive actions and need to possess the ability to gauge a competitor's possible future actions. They certainly need to know their vulnerabilities and know potently their strengths. Companies need this insight to carefully capture opportunities and maneuver through the rapid transformations in the global economy. This article discusses the elements and current challenges of Global CI and will present a model for effective intelligence gathering worldwide.

## **The Three Elemental E's in Global CI**

Today's intelligence professionals witness several changes and trends facing them. First, competitive intelligence is increasingly *essential* for a company's survival. Second, the rapidly-changing business *environment* is impacting the understanding and methods of intelligence gathering. Specifically, the nature of globalization and local events today impact the actions of customers, competitors and companies. Third, the "evolution" of global intelligence gathering is shifting to a direction of integrated and hybrid approaches to comprehensively understand not only competitors but also customers and the macroenvironment.

## The "Essentiality" of CI

Global companies expanding into emerging markets often find they are competing with local giants. Coca-cola had to compete with local beverage makers, despite its universal brand name. The reason was that local entrenched competitors had the brand image and pricing to compete with a goliath like Coca-Cola. Even if companies have voluminous market research findings, the company must be able to develop and implement strategy appropriate to each market. Global companies must take note of the way their competitors understand their market and employ appropriate strategies.

### The “Environment” of Global Business

Moreover, the relationships among people, markets and business processes are becoming increasingly interlinked. The strategies employed and actions performed by a company for example in China is increasingly similar to the way done in the United States. However development and globalization do not fully standardize practices to the global standard. Instead, emerging markets integrate and adapt global processes and practices to local, traditional landscape, producing a “glocal” landscape. Indeed competitive companies around the world largely behave within the bounds of their markets, local governmental policies, as well as within Global markets and standards.

### The “Evolution” of Strategic Intelligence

Companies are now looking for integrated or hybrid methodologies to better understand their environment. Indeed competitive intelligence is extraordinarily useful in crafting and delivering strategy and responding to competitor developments wherever they may be. However, this perspective alone misses the customer perspective and customer satisfaction in a local market, traditionally a tenant of market research. After all, firms can derive and implement the shrewdest of actions to counteract competitive actions, but if the firm’s market does not demand such actions, then the company is at a loss. Hence, finding the correct intelligence mix for clients is crucial to provide value.

Each of these three elements suggests an increasingly complex environment for global intelligence gathering. An examination of the methodological challenges in conducting competitive intelligence in emerging markets indicates added obstacles for today’s CI professional.

### **Challenges in Global Intelligence Gathering**

Applying traditional intelligence gathering techniques to research covering emerging markets can spell trouble. People across the world may engage in the same global business processes, but their reaction is dependent on a myriad of “influential factors,” including personal, cultural, socioeconomic, technological and local factors. Even despite the quality of the research methodology and the expertise of the researcher, these influential factors may well control and sabotage the quality of research if not guarded against. Both primary and secondary data collection demonstrate the degree of the challenge for global researchers.

### Primary Research: the Power of Elicitation?

Primary research is often the most difficult aspect of intelligence gathering internationally given its reliance on people from different nationalities and cultures. Accordingly, international human intelligence gathering process will differ from domestic. For example, in China and several other Asian emerging markets, a researcher may find the process of elicitation extraordinarily easy. What the researcher does not realize is that the executive is not only providing inaccurate information, but also intentionally misleading information, believing the researcher to be a ruse of the competition.

Moreover, frequently what transpires in emerging markets research is the lack of reference points for “triangulation” of the data. For example, a person may report that the construction industry is growing at 30%, and no data is available to confirm it. Simultaneously, a competitor may say 10% growth. The CI professional will have to dig deep to uncover the accurate picture.

Misunderstanding of cultural norms and practices can impact the outcome of the research. For instance, the misunderstanding that exporting Western technology is superior and bound to be successful is not accurate in some countries. An example of this is in researching the possible introduction of high technology cellular communications. While telephone penetration is low in countries like Nigeria, one might consider this market a place for growth in high technology and a place to immediately develop a competitive advantage. But, this perspective ignores cultural norms and time-trusted means of communication, which have significant influence in many emerging countries.

Indeed, the concept of the “glocal” arises again when describing actions of the competitor. While many business leaders abroad have been trained in prestigious business schools, strategy and action are often “glocal.” In other words, actions are a mix of global macroeconomic factors as well as “influential factors” like personal, local, economic or cultural reactions. For example, a Chinese competitor will react to the same new opportunity as a Canadian, but in a different manner according to the local culture and the company’s experience. The Chinese company may be more risk averse than the Canadian company, but much more aggressive and efficient in pursuing low-risk opportunities. Likewise, “Glocality” makes the researcher’s task of gauging a competitor’s behavior all the more complex, and requires of the researcher increased understanding about foreign markets.

### Secondary Research: Harnessing the power of the web?

Researchers may feel a sigh of relief with secondary research given the increased standardization and availability of secondary research. But numerous challenges abound when applying such information to projects concerning emerging markets. The problem with global secondary research is that this information can frequently be untimely, useless and irrelevant, or in the worst case inaccurate. In the Middle East, for example, secondary information is available, but researchers will find many conflicting statistics and data. In other markets, secondary research is either unreliable or useless given the researcher’s needs. While web information can be plentiful and helpful, transparency and accuracy of published information are usually not characteristics of emerging markets.

The growth of the Internet in almost every pocket of the world presents CI professionals with numerous innovative tools to gauge the business activities of competitors. Now with the click of a button, knowledgeable CI researchers can find out valuable information beyond the traditional channels of databases like LexisNexis or newswires. Non-conventional means of extracting information can often provide valuable strategic insight before databases get hold of it. For instance, Bill Gates illustrated this several years ago when he searched Google Company’s website, looking for Google’s job postings. Noticing that many of the job postings resembled many of Microsoft’s, Gates made it policy to watch his competitor for encroaching in their territory. Sure enough, Google indeed sought to compete with Microsoft in software. Presently, new

social networking sites like *linkedin.com* are becoming useful tools in gauging the actions of competitors.

The key to overcoming these barriers in primary and secondary data collection is to keep the methodology open to account for the differences in “influential factors” and develop a robust research methodology that allows for creative research methods.

## **A Case Study for Conducting CI in Emerging Markets**

James has just taken a new position as Manager of Global Research for a large global manufacturer of medical devices that are manufactured and sold in multiple markets throughout the world. His company has developed a new surgical care product in the US. The company is considering the potential manufacturing and distribution of a medical device in Asia, Latin American and the Middle East market, in both developed and emerging countries. James’ task is to assess the competitive environment in each of these regions, to ensure the successful market entry of the company’s new product.

Where does James start? James’ effective framework for CI in emerging markets involved 6 steps.

### **Checklist for Competitive Intelligence Emerging Markets [[attachment]]**

1. Do your homework through secondary research
2. Contact personal & professional contacts
3. Research on-the-ground with a fact-finding trip
4. Conduct Hybrid Intelligence: CI & Market Research
5. Create a plan for Market Entry
6. Constant global intelligence monitoring

#### Step #1: Review Secondary Data

James’ first step is to review past research on the topic. Researchers should not only look at secondary research as a guide and support, but also to foresee potential problems with primary research gathering. James’ past experience in secondary fieldwork had taught him many lessons. He made the following adjustments:

#### **Secondary Research Notes**

##### **1. Avoid the use of a single data source ...**

- If there is either no relevant data in emerging markets or too much conflicting data
- All secondary data needs to be cross checked.

**2. Account for an inaccurate, political angle in some countries ...**

- e.g. High birth rates to prove the need for more secondary schools
- e.g. Unreliable trade output figures to influence trade policies

**3. Account for differences in data sources in countries within regions ...**

- All data is comparable within regions if you understand the difference of definitions and the political context on which the data is produced.

**4. Analyze each source within the political and environmental context of each country and region.**

James and his researchers chose secondary sources such as internal and external databases, and web articles from prominent publishing to gauge industry, social, macroeconomic, environmental and political background. Additionally, James in his spare time explored unconventional web sources such as employment sites to better understand the competitive environment.

**Secondary Research Studies Accessed:**

- Various Asian and Latin American governmental reports on exports, economic stability reports,
- Brazil's universities for published information
- Financial analyst reports

In some of the countries studied, the secondary information was harder to obtain and validate. Overall, he felt that there was a lack of transparency in several of the emerging markets. This signaled to James that he might face challenges in obtaining accurate answers in primary data collection. He discovered the following data for most of the countries in the study:

**Secondary Research Findings**

- Number of patients with need for this surgical care device
- Private vs. public hospitals
- Method of treatment
- Search of current [known] competitors who manufacture surgical care devices
- Profile of current competitors via visiting their websites and securing their sales literature
- Sales and financial information of competitors

- Profile of current competitors via visiting their websites and securing their sales literature

Ultimately, the basic secondary data findings suggested that the new product was potentially able to successfully compete with existing products.

### Step #2: Communicate with Personal & Professional Contacts

Next, James discussed with many of his personal contacts in the medical field and professional colleagues in the industry to understand their perspectives on the product. Several informants thought that the product could potentially be successful in various markets. He felt this helped him to understand the demand abroad for the product. They also helped him to consider the weaknesses and strengths of some competitors.

### Step #3: Research on-the-ground with a fact-finding trip

James knew that his company already had substantial insight into several of the markets that only needed to be brought to light. Likewise, the third step was for James to travel to and communicate with several of the company's regional branches. On this trip he was to meet colleagues, and as many people face to face as possible including university experts, health care specialists and professionals in relevant Non-profit organizations. As part of this trip he would be speaking to his Asian, Latin American and Middle Eastern Regional Sales and Manufacturing offices, which enabled him to:

- Obtain any previous research, data, statistics, and rumors they may have heard from the field sales force in these countries
- Focus the study on the most important information areas
- Ask for suggested sources and people to interview
- Have them “educate” him about the local healthcare systems in these countries

James also knew about the problems surrounding human intelligence, especially with regards to employees working at the same organization, and gathering. During these trips, he wanted to ask the “right” questions to penetrate overly optimistic assessments. He decided to hire a native staff member or translation. After numerous interviews, he identified the key “holes to be filled” and gained a sense of who and what to gather intelligence on in these markets given their cultural nuances.

James also discovered tips from Market Research consultants on how best to approach multi-country interviews in emerging markets.

#### **1. Avoid face to face interviews**

In the age of mobile phones and the Internet, the intelligence yield is higher with phone calls.

**2. Conduct the interviews in the local language**

An International Market Research firm would conduct these interviews.

**3. Avoid interviewing within the same country**

For obtaining sensitive data, better results when calling from another country or when consultants visit from another country [e.g. visit Japan for an interview].

Step #4: Develop a “Hybrid” Research Plan

James felt after his trip that Competitive Intelligence methods alone might overlook the importance of customers. Although strategic assessments are crucial, he felt that the company could neglect its customers and create losses for the company. Conversely, if it focused too much on market research, then it could ignore key competitive information. James thus developed a research plan that combined both Market Research and Competitive Intelligence.

**Elements of the Effective Global CI Methodology:**

Dimensions:

- Primary interviews of suppliers, competitors and distributors
- Primary interviews of customers: nurses, hospital purchasing agents, physicians
- Secondary research of suppliers, competitors and distributors
- Market projections

**Sample Regional Research Plan – Asia** [[see attached jpeg]

<b>Information Requirements</b>	<b>China</b>	<b>Indonesia</b>	<b>Cambodia</b>	<b>Thailand</b>	<b>Taiwan</b>	<b>India</b>
<b>Internet search yield</b>						
<b>Secondary Data</b>						
# patients						
# hospitals --private --public						
Growth of critical care units						
<b>Primary</b>						

<b>Research</b>						
Nurse interviews						
Hospital Admin interviews						
Physician interviews						
<b>Competitor Interviews</b>						
Distributors						
Competitors						
Suppliers						
<b>Analysis of Information</b>						
<b>Market Projections</b>						
<b>Development of Global Market Plan</b>						

The initial analysis revealed that James’ new product may have a competitive advantage in technology and pricing over two competitors covering these markets. The global analysis required “normalization” of the data to project the number of units that can be sold by country and on a global basis. James’ next task was to determine if the product has the same competitive advantage in the Middle East and Latin America, and to develop a marketing plan for entry into these regions.

Step #5: Create a Plan for Market Entry

James devised a dynamic marketing plan that was proactive, offering a clear entry into international markets with reduced risk in the marketplace. James had looked at other companies in their failed market entry. He also saw, for example, the success of partnerships with European companies in the Middle East. Thus, the company engaged business representatives in its market entry deals.

Step #6: Constant global intelligence monitoring

Given his research experience, James recommended that the company should have constant global online tracking. The markets, he realized, change dramatically and had many complicated factors and entities, which could help or hurt the company’s performance after market entry. He proposed two options to best enhance the company’s command of these markets.

The first option was a monthly scan of available data, market research reports and databases. This approach would newswires and published sources, some of which grant

access to market research studies. However, James thought this approach was time-consuming and required skilled researchers to filter out useful information.

Alternatively, James considered the use of a Global Competitive Intelligence Tracking System. He learned that some market intelligence firms offered subscriptions to global market trackers, which included global market data and analysis. This would help him to analyze and track his industry globally for competitive events, environmental threats and opportunities. This effectively could eliminate the company's need for executives to sift through hundreds of articles.

## **Conclusions**

This case study illustrates a dynamic model to conduct competitive intelligence in emerging markets. Certainly, this model is not a "one-size-fits-all" model, but its dimensions are remarkably robust for global competitive intelligence. This is because it recognizes the challenges and complex variables in such research, and provides value with various methods of intelligence. Ultimately the key in any global CI model is for researchers to read into the culture and dynamics beyond the industry information and statistics. Influential factors, such as local, cultural and personal factors, are remarkably significant and impacting on competitive developments. Lacking this insight can easily sacrifice the quality of the study no matter how experienced the researcher or how time-trusted the technique.

It is important to emphasize continuous tracking after the study is completed. Trends can change dramatically from quarter to quarter. While India may be strong in IT now, the fact could well be that in reality employees keep job-hopping to take significantly higher salaries. This information may well help to shift the IT bubble towards strategic destinations like Bulgaria. Moreover, companies should be reluctant in looking predominantly at a specific country for intelligence projects. Factors quickly change, and it is often the country next door that soon becomes desirable. Countries now that seem absolutely inconsequential for a company may well become the next hotspot because of the lack of legacy systems, lower costs and less bureaucracy. For example, Romania is a growing market for IT, but effective CI will also benchmark nearby competitors and environmental factors in Turkey. Hence companies should look to regions, instead of specific countries.

As the world becomes increasingly global and competitive, CI in emerging markets will likely become more commonplace. Yet, globalization has shown that despite the standardized technologies, forms of communication and business protocols, the local and cultural factors will significantly impact intelligence gathering, making this form of research inextricably complex. While research methods will have to continuously adapt with the global marketplace, the time-trusted ideal stands: experience and practice by "doing" will provide the best insight into how best to approach emerging markets.

## **References:**

- "The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid." 1 Mar. 2007. World Resources Institute. 1 Nov. 2007.  
<<http://www.wri.org/publication/the-next-4-billion>>

Vogelstein, Fred. "Search and Destroy." 2 May 2005. Fortune. 5 Nov. 2007.  
<[http://money.cnn.com/magazines/fortune/fortune\\_archive/2005/05/02/8258478/index.htm](http://money.cnn.com/magazines/fortune/fortune_archive/2005/05/02/8258478/index.htm)>

### **Author Information:**

Ms. Ruth Stanat is President and Founder of SIS International Research. Since 1984, SIS International has provided organizations with strategic planning, market research reports, market expansion or business development studies and ad hoc research for answers to specific business issues. During 1990-1993, Ms. Stanat personally traveled and expanded the SIS International organization, which spans over 120 countries in Asia, Europe, Latin America and the Middle East. She is a SCIP Fellows award recipient and is a charter member of SCIP.

Ms. Stanat was formerly a Vice President of Strategic Planning for the Chase Manhattan Bank, a Senior Planning Officer of the Mars Corporation and has held senior marketing and strategic planning positions with International Paper Company, Spring Mills, Inc. and United Airlines.

Ms. Stanat is the founder of the concept and implementation of "corporate intelligence networks." In her first book, "The Intelligent Corporation," published by AMACOM, the publishing division of the American Management Association, 1990, Ms. Stanat provides a methodology for the implementation of corporate intelligence networks. Ms. Stanat is also author of "Global Gold - Panning for Profits in Foreign Markets," published by AMACOM, 1998. This book is a guide on how to succeed in international markets. Her third book, "Global Jumpstart," instructs small businesses (\$1 million - \$100 million) on how to expand their business globally

She frequently lectures internationally, and has been featured on CNN, CNBC, NBC and Time Magazine.

### **Contact:**

Ruth Stanat  
President  
SIS International Research  
11 E 22<sup>nd</sup> Street  
Floor 2  
New York, NY 10017  
T: +1.212.505.6805  
F: +1.212.505.0284  
[www.sisinternational.com](http://www.sisinternational.com)  
[research@sisinternational.com](mailto:research@sisinternational.com)