

CI IN PRACTICE: HOW MARKETING RESEARCH TECHNIQUES CAN BE EFFECTIVELY USED AS A COMPETITIVE INTELLIGENCE TOOL AS FOR COLLECTING COMPETITORS' STRATEGIC INFORMATION IN A B2B SEGMENT

Summary

The present article shows how competitive intelligence can be put in practice using effectively marketing research techniques as a tool for benchmarking strategic information from internet providers in Brazil. Methodological choices of data collect needed to be carefully made in order to gather confidential information from the companies without surpassing the limit of ethics. The result was successful provided to the client filling around 80% of expectations, a number significantly high for a competitive intelligence B2B project.

Key-words: competitive intelligence, marketing research, B2B, benchmarking

Introduction

Telecom market in Brazil has recently been directed to the convergence of internet, mobile phone and landlines phone services.

One of the leading providers of mobile phone services in Brazil needed to benchmark some internet providers in the country in order to launch its own mobile internet services accordingly to the local market's demand and dispute market share with internet based businesses.

The client's goal, at first, was to recognize the human resource structure of its main competitors in Brazil as for comprehending how big and trained its own staff should be to offer a similar or better internet service.

Our client's second objective regarded identifying internet providers' business plans, in other words, understanding from which objectives their business core were oriented. In practice, the purpose was to collect strategic market information about the companies that would be some of its most important competitors in order to create its own differential market positioning without resting upon any commodity service, but appearing - at the same time - innovative.

In sum, benchmarking internet providers aimed on supporting our client's strategic planning. To collect strategic information from competitors without being un-ethical and at the same time surpassing the risk of offering superficial information to the client turned out to be the major challenge for a marketing intelligence consulting such as ourselves.

Client's expectation lied on being as close as possible to the precise and deep information about competitor's human resource structure in parallel with the mapping process of their business plans.

The acquired knowledge of internet providers' human resource structure counted on identifying their shareholding structure, headcount, professional

profile of their main businessmen, core competencies of their staff, staff remuneration politics & turnover as well as professional development incentives.

Comprehending business marketing positioning of those providers meant understanding their business plan, marketing positioning, main revenue sources, portfolio of services and prices as well as comparative SWOT analysis among the 6 internet providers companies surveyed.

Defining Methodologies to Collect Competitors` Information

B2B businesses are a specific segment in which gathering any type of information requires a well-established plan of data collect, since this process faces the barrier of confidentiality of information.

Thus, we set a methodological data collect based on two pillars: (1) desk research (secondary data collect) along with (2) primary data collect. The latter, relied upon a qualitative instrument of marketing research through in-depth interviews with 2 key-people in each internet provider company - one person from the Human Resource department and a second person from the Engineering and / or Information Technology department. Only managers' level interviewees were recruited.

The interview instrument, a semi-structured questionnaire lasting 50 minutes approximately, was built taking into account the application of non-direct questions. In other words, fieldwork researchers were trained for respecting the possibility of interviewees not answering too invasive questions. Thus, the instrument was not developed with the intention on finding very close answers but approximate ones. For instance, instead of asking in a direct way "what is the salary of their directors", the questionnaire counted with structured questions in which a scale of pre-stipulated salary amounts' intervals was defined. As a result, distinguishable salary intervals were collected by each employee position in each company and the comparison among those findings offered information enough to assume remuneration politics of each internet provider was as precise as possible to the reality.

At the same way, business plan of each company were not all able to be obtained by desk research (secondary data collect) but mainly through interviewing decision makers in each company. Again, the barrier of facing confidential information was overcome by the manner data collect instrument (questionnaire) was developed (not posing invasive questions). In practice, the previous data collect phase (desk research) together with the client's expertise about the business was able to pre-define some possible answers on which instrument's questions were made and, again, instead of asking the interviewees directly "what was the business plan of the company", questions were developed so the interviewee made choices among the possible answers (a categorical scale of answers varying from "agree" to "disagree", 1 to 5) instead of evidently offering a precise (confidential) answer. Thus, results relied upon not exact answers but approximate answers that, still, did not lack to-the-point

content as they were closely able to presume each company's strategic business steps.

Adequate methodology choices together with well-planned instrument decisions are a solid marketing research supportive tool when subject is competitive intelligence B2B data collect. However, successful data collect results are only able to be achieved if the items above are precisely managed together with previous training of researchers on human intelligence skills. In other words, researchers must be in some way senior strategic thinkers and deeply know the objectives of the project. In sum, they can not be only askers but, in opposite, intelligent and insightful interviewers.

Above all, the cooperative attitude of interviewees needed to be conquered in order to obtain strategic competitive intelligence information from them. In this specific case, the solution that best fit the goal was built on two issues:

(1) Offering convincing incentive to the interviewees: interviewees received a summary report of the findings in the end of the study with the purpose of creating an impression that all companies researched and the client (that was not named) shared strategic information. If opinion leaders such as the recruited respondents for this project do not have the sensation they are not only giving information but also gaining new information, than, cooperativeness does not happen. Information is the most valuable currency for this type of respondent;

(2) Presenting the interviewee satisfactory approach to the purpose of the study: taking into account that the client's name needed to be confidential, interviewees were informed that a national macroeconomic study was happening as for benchmarking internet business in Brazil, so their participation to make the study as much complete as possible was crucial. In practice, overall objectives were revealed, but specific objectives needed to be omitted.

Analyzing Results

Competitive intelligence projects based on information told by the competitor's staff itself need to count on the ability of CI analysts on building such a "puzzle" of information in a way the results can be assumed as trustful. Not only the data collect by both secondary and primary sources in this study were responsible for the successful result deemed by the client as a supportive tool to its strategic business plan. Even more, the experience of analysts not only with CI analysis and data mining but also background telecommunication expertise was crucially necessary to offer analysis with credibility in this study.

Findings revealed that market share *versus* wallet share (please see figure 1) were two opposite strategies found significantly complemented to the internet business in Brazil. Few companies are able to balance both strategies, being market share leaders but not leaving aside the goal for profitability headship. In other words, while the most internet companies are disputing quantity of clients, it seems that some of them are mostly concerned with higher

profitability margins (*wallet share*) sacrificing the achievement of the greatest number of clients (*market share*).

FIGURE 1

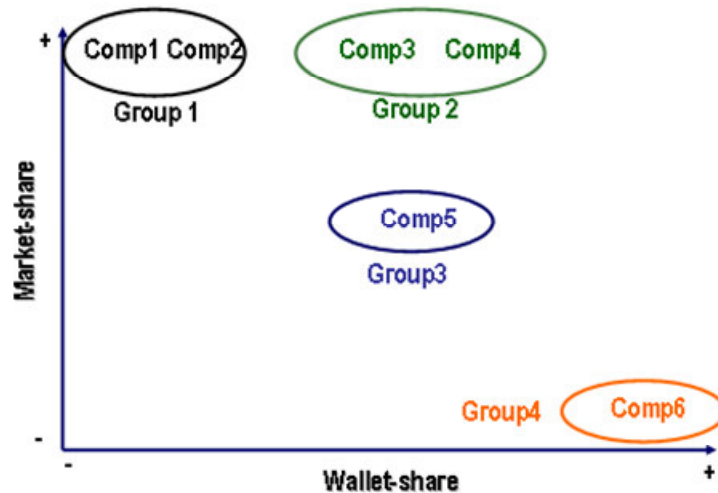
Marketing Positioning (Internet Providers Companies)

Group 1: Comp1 and Comp2 have the most aggressive strategies to conquer the greatest piece of marketing. They compete among each other mainly by pricing.

Group 2: Comp3 e Comp4 also fight for the biggest pieces of market, but they seem to adopt a more cautious pricing positioning since they worry more about profitability than Group 1.

Group 3: Comp5 has an intermediate positioning among all companies.

Group 4: Comp6 is the one mostly concerned about profitability.

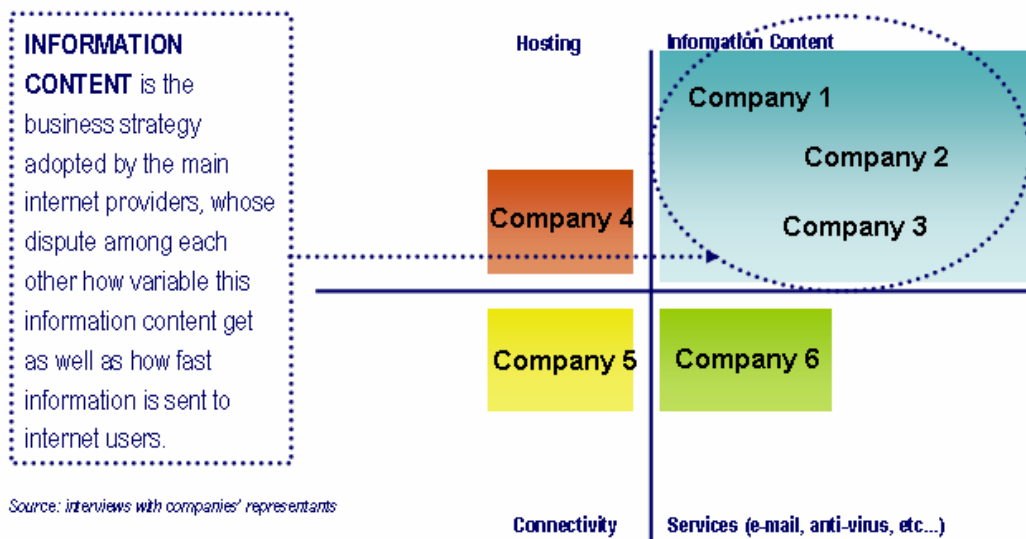


P.S. Information based on interviewees' responses.
P.S. Statistical technique: simple Cross-tab

According to the key-people interviewed, information content to be offered by the website portals of each internet provider is the business anchor for the companies to which great part of their efforts is directed (please see figure 2). In turn, the expansion of national coverage is still the strongest strategy used by them to reach competitiveness in the country while offering internet content variety is not goaled by all companies.

FIGURE 2

Business Positioning (Internet Providers Companies)



Source: interviews with companies' representants

Conclusion:

The success of projects such this remains on choosing the right mix of data collect technique, applying correct capability to negotiate with respondents, training ability to stimulate interviewees on answering strategic questions without appearing too invasive as well as counting on the aptitude for interpreting the primary data correctly and gathering with secondary data.

Such findings exposed above directed the business plan of the client in a way it subsided the launch of a new product: internet to desktops and laptops through cell phones lines.

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