

COMPETITIVE INTELLIGENCE FOR B2B COMPANIES

As competition in many fields intensifies, with new pressures to differentiate and entirely new types of competitors, competitive intelligence is more important than ever. It plays a critical role in strategic assessments and ongoing market research for any company that needs to understand its competitive landscape to craft its own strategy. For B2B companies in particular, general market information can be difficult to obtain, making competitive intelligence all the more critical. Through our work with SMBs, large corporations, Fortune 500 business-to-business (B2B) companies, and professional associations, we have helped clients answer key questions, learn to compete more effectively, and take advantage of changes or gaps in the market through effective, ethical, and robust competitive intelligence research and analysis.



intelligence + *imagination*



INTRODUCTION

THIS WHITE PAPER IS BASED ON OUR WORK HELPING LARGE AND SMALL B2B COMPANIES, BOTH PUBLIC AND PRIVATE IN A RANGE OF INDUSTRIES, AS WELL AS PROFESSIONAL ASSOCIATIONS UNDERSTAND BOTH THEIR EVOLVING COMPETITIVE ENVIRONMENT AND THEIR POTENTIAL RESPONSES TO ITS REALITIES.

Working with SMBs, large corporations, Fortune 500 B2B companies, and professional associations, we have used competitive intelligence research to provide compelling answers to some of their most important strategic questions. However, sometimes this type of work can be misunderstood as simply reading competitors' websites – or worse, as something shady, such as dumpster diving for information. In reality, this research tool can be done through completely ethical means and, when conducted strategically and systematically, can also provide a critical perspective on your market to help you compete more effectively.



WHEN YOU NEED COMPETITIVE INTELLIGENCE

Competitive intelligence should be considered when any of these situations arise in your B2B market:

“The competition is eating our lunch and we don’t know why.”

This can be one of the most urgent reasons to better understand the competition. Whether you are losing prospective or existing customers, if you seem to be less attractive to your target segments than the other suppliers in your industry, it’s critical to understand why, especially if this is a recent development.

“There are new (or different) competitors in the market and we don’t know how to respond.”

Entrants to a market, especially if they are doing things differently, may be cause for great concern – or they may simply turn out to be a short-lived distraction. It’s important to understand which and whether changes in the number or type of competitors you face will turn out to be a long-term strategic issue for your business.

“We want to make a big change and don’t know how to predict our competitors’ reactions.”

Perhaps you are the one looking to disrupt the marketplace. Having a deep understanding of the various players in the market will help you determine where and how to invest, the pacing of the investment, and which rollout tactics to implement, in light of where your competitors are headed themselves.



WHEN YOU NEED COMPETITIVE INTELLIGENCE

“If we bought this business, entered another market, or sold to different customers, who would our new competitors be?”

Perhaps one of the most compelling uses of competitive intelligence is in assessing the attractiveness of a particular market. A company may be looking for information on how to enter a new market or even whether a market is worth entering at all. Perhaps they need to know whether an acquisition target is attractive (as part of a due diligence process). Finding out how potential competitors compete and perform can not only indicate the size of the opportunity, but also the industry structure, including barriers to entry and the methods and difficulty of acquiring new customers. Sometimes the most valuable use of competitive intelligence is identifying unattractive market dynamics, which can direct companies towards more profitable markets and opportunities elsewhere.

If the market has been deemed attractive, competitive intelligence can determine gaps and opportunities for your product or service in entering the market as well as what the competitive responses might be to your entry.

Example: A client is interested in more aggressively pursuing customers in a specific geographic area dominated by large and sophisticated competitors. Through our research we discover that our client is considered as an extremely low threat to the competition and that a more aggressive move would likely go unnoticed. This may buy the company some time before competitors respond to any move they might make to enter the market, at least initially.



WHEN YOU NEED COMPETITIVE INTELLIGENCE

“We need to know how our competitors are going to market to understand how to compete against them.”

Answering specific questions regarding elements of the go-to-market approach of your competitors, such as pricing, marketing messages, or sales processes can help you understand how to craft your offer and how it might be perceived. Regardless of the elements on which you are choosing to compete, you will want to know how you compare in your customers' eyes.

Example: A company wants to reinvent their go-to-market approach following an internally-focused transformation. Competitive intelligence research reveals a gap in the market where there are few competitors operationally capable of offering a particular service to the client base, which this company can offer due to their operational improvements.



HOW TO CONDUCT COMPETITIVE INTELLIGENCE

To some, competitive intelligence may still imply shady practices. In fact, every time you look at a competitor's website, you are engaging in competitive intelligence (and, of course, when they use technology to observe that you have visited their site, so are they). There are many ways to conduct competitive intelligence that are completely ethical.

Clearly, in the age of the internet, the opportunities for gathering information about competitors have skyrocketed. However, to truly realize the benefits of this kind of research, it is important to undertake a robust methodology to develop clear answers to the key questions being asked. It is also critical to recognize that some things can't be found via a search engine, requiring offline techniques.

A. Define your goals

The key to effective competitive intelligence is to begin with clear goals for the research. You are not trying to discover every detail about your competitors; rather, you want to answer questions that are important to your business. Without clear goals, the research process can miss out on the deep and rich insights that are possible with a more focused approach. What do you really want to know? If you could imagine a world of perfect information, what would you want to find out? What will you do with this information? What decisions will it drive? These answers should direct both the approach to the research and the resources devoted to it.



HOW TO CONDUCT COMPETITIVE INTELLIGENCE

B. Conduct *systematic* secondary research

Often companies believe they are already doing adequate secondary research when they are not collecting or analyzing in a way that provides an understanding of the implications of the information or insights into their competitors' strategy or the market overall. The key is to use a research methodology geared towards achieving the research goals, and then perform a systematic analysis of the findings.

You can tell a lot about a competitor's strategy through how they communicate with prospective clients, the content of their marketing materials (including their website), the events they sponsor, what trade shows they participate in and their displays there, what employees or clients are saying in discussion forums, and whether they are engaging on social media in a meaningful or integrated way. Similarly, you can learn a lot about how a company is performing financially or what direction it may be leaning based on job postings and new hires – or recent departures.

However, when evaluating a company's public face, it is important to take public statements with a grain of salt. Wherever possible, concrete examples should be sought (hiring notices as opposed to job postings; client logos on the website as opposed to claims of serving certain types of clients). Third party measures can also be used for quantification, such as Hubspot's Marketing Grader, which evaluates

the effectiveness of marketing, and Klout, which evaluates social media influence.

Industry reports, journalism, and third party blogs can also be used as inputs into the secondary research process. Again, it is important to be mindful of the quality of the source and to note where they get their information as well as the role they might play in the competitors' PR tactics.

Of course, public companies are also required to disclose a great deal of useful information. However, in many B2B industries there may not be many public companies, or the companies may be large enough that the information is not disclosed at a granular enough level for conclusions to be drawn.

USING A THIRD PARTY FOR COMPETITIVE INTELLIGENCE RESEARCH

While some market research can be handled internally or with limited outside assistance, competitive intelligence requires a third party to get the most valuable results. Some of the benefits of hiring a third party include:

CONFIDENTIALITY: Gathering publicly available information can be resourced in-house (as long as it is approached systematically). However, understandably, most companies do not want to tip off the market that they are looking for competitive intelligence. For this reason, primary research in particular will require an experienced third party to conduct the research and keep the client's identity a secret.

OBJECTIVITY: A third party provides an impartial perspective that can guard against complacency or conventional wisdom when assessing the responses of the interviewees. Similarly, the findings from a third party may also meet with a more open reception inside the organization, particularly if the issues identified are complex or politically sensitive.

EXPERTISE: A third party should be selected for their knowledge of best practices in gathering, analyzing, and interpreting competitive intelligence data. When it comes to interpretation in particular, an experienced third party should have the ability to know what matters, who is telling the truth, and what the implications are for their client.

RESOURCES: An outside organization can bring in dedicated resources to devote to the assessment, so internal staff can focus on other priorities.



HOW TO CONDUCT COMPETITIVE INTELLIGENCE

C. Conduct qualitative primary research

Primary research, consisting of qualitative interviews with selected industry participants, is another element of competitive intelligence methodology. It builds on the secondary research conducted to add unparalleled nuance and insight. (For more information on the benefits of this technique, see our white paper titled “[Conversations with Purpose: Improving Decisions with the Power of Interview Research](#).”)

Example: A relatively new entrant is looking to bypass long-standing industry conventions, bypassing intermediaries and going straight to buyers. Through the primary research process, multiple industry participants confirm that one competitor has been successful in making this change. However, a second competitor subsequently tried to make the same change but was rebuffed for reasons that indicate it will be difficult for our client to follow suit since they lack the specific market power that enabled the first competitor to make this change.

Competitive intelligence can be gained from interview research with a variety of market participants:

1: **Customers and suppliers** can be an invaluable tool for information on competitors’ service offerings and service levels, price points, products, customer satisfaction, and other questions.

2: **Employees of competitors**, both current and past, can provide a significant amount of information, especially when asked to comment on what trends they are seeing in the market. Very often, credible interviewees can comment on particular strategies that some competitors (not necessarily their current or past employers) are pursuing. Even though they are typically very conscious of not sharing anything that violates a non-disclosure agreement, they can often offer a great deal of value. It should be noted that these interviewees will often participate out of curiosity and may be quite interested in what the research has already revealed.



HOW TO CONDUCT COMPETITIVE INTELLIGENCE

3: **Your own employees** can also be invaluable. Without realizing it, companies are often sitting on a wealth of competitive intelligence contained in the experiences of their own employees. All they need to do is ask, in a purposeful way. However, on occasion, zealous employees may need to be reminded of their confidentiality obligations to their former employer; their comments must not violate their previous non-disclosure agreements that may still be in force.

4: **Recruiters** can be an extremely useful tool in competitive intelligence. Especially in industries that are changing rapidly, recruiters often have their ear to the ground and know how strategy might be changing based on the people that are being hired and their experience or skill sets.

Example: A company is believed to be contemplating a move into a new vertical. By speaking to recruiters and other industry participants, we are told that the company in question is actively looking across the industry to hire people with a specific skill set, which fits with the specific vertical they are suspected of preparing to enter, confirming the suspicion.

5: **Industry associations** can be helpful in learning about the nature of the industry, where it may be heading in the future, and concerns among different types of competitors (e.g., large vs. small players).

6: Consultants, academics, journalists, government officials, and other **subject matter experts** can all be leveraged to provide critical insights into the market and competitors. These experts can be especially helpful when a significant degree of uncertainty exists about how an industry will evolve due to technology changes or government actions, such as regulation.

Conducting primary interview research effectively requires skilled, experienced, and well-briefed interviewers as well as a disciplined approach. For more insight into qualitative interview research methodology, see our white paper titled “[Conversations with Purpose: Maximizing the Value of Interview Research](#).” It should be underlined that in competitive intelligence there is no intention to violate confidentiality; people can be asked to comment in their capacity as industry observers, not as spokespeople for their own company. In fact, in our practice, if an interviewee inadvertently discloses something that they realize they shouldn’t have, we respect their wishes to keep it off the record.



HOW TO CONDUCT COMPETITIVE INTELLIGENCE

D. Analyze findings and determine implications

Perhaps the most critical aspect of the competitive intelligence research process is the systematic analysis of all of the research data acquired, to develop an accurate representation of the competitive landscape, and determining what the findings mean for your company. Both secondary and primary research should be reported separately as well as holistically, based on the original goals set for the research.

All the information must be evaluated for credibility and consistency. One sign that information is credible is not only hearing the same information many times but also the diversity of individuals saying it. If you are getting the same comment from multiple competitors, suppliers, and subject matter experts, you can be confident that you have acquired meaningful intelligence.

It is also important to note what you expected to hear and whether you did, in fact, hear it – often what isn't said is just as pertinent as what is said. This kind of triangulation of sources and evaluation of completeness of the information provided is critical for solid analysis. Taking all of the information acquired and systematically analyzing the frequency, source, and quality of the information will give you a reasonable sense of what competitors may be doing, attempting, or planning for the future.

Example: A mobile technology specialist comments on seeing all of his/her competitors at a particularly influential conference year after year but that there is one competitor that never sends any representatives. While this is only one data point, when it is combined with information from other interviewees about a poor mobile offering, the competitor's omission in lists of those innovating in their mobile strategy, and a lack of hiring in mobile capabilities, it likely means that the competitor in question is not investing in their mobile strategy as seriously as other competitors, at least for the moment, and could be vulnerable in particular client segments as a result.

Results from competitive intelligence research can be used to suggest actions across the company – for sales, marketing, operations, even finance and HR. Often there are also surprises that emerge from the research, and these unanticipated trends or issues can point strategic thinking in new directions, so competitive intelligence findings should be reported and assessed with an open mind.

Of course, sometimes it's good to be different from the competition. Just because all the competitors zig doesn't mean you shouldn't zag. This is why any recommendations must be made in light of your company's business strategy and how it seeks to differentiate itself in the marketplace.



CONCLUSION

UNDERSTANDING THE COMPETITIVE DYNAMICS IN YOUR INDUSTRY, AND HAVING A STRONG UNDERSTANDING OF HOW YOUR COMPETITORS GO TO MARKET, ALLOWS YOU TO MAKE STRATEGIC DECISIONS MORE EFFECTIVELY.

Competitive intelligence can provide deep and rich insights into your competition, help answer questions about market entry and positioning, and ultimately enable senior leadership to make critical and strategically important decisions about the future of the company or organization. It is key to set goals for the research and make sure a robust, systematic, and ethical process is used to maximize your investment in competitive intelligence to help drive your business forward.

Simply matching the competition is not a winning strategy; it's imperative to understand what you bring to the market that's distinctive and valued by customers. However, understanding the competitive dynamics in your industry, and having a strong understanding of how your competitors go to market, allows you to make strategic decisions more effectively. If you plan to outsmart your competitors, it helps to know what they are up to.



ABOUT THE MEZZANINE GROUP

The Mezzanine Group is a Toronto-based Business to Business strategy and marketing company.

For more than ten years, we've helped executives in small and mid-sized companies, large enterprises and professional associations achieve growth through effective strategic plans and marketing implementation.

We know growth - we were named one of the fastest growing companies in Canada for four years by PROFIT Magazine.

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