

# What is Competitive Intelligence?

By Randy Guffey (updated November 2009)

Many experts disagree about what Competitive Intelligence (hereafter referred to as “CI”) actually is. For the most part experts agree that CI is designed to find and assess the competition. Normally the model of CI reviews the following capabilities of an adversarial company:

- Inbound Logistics: How does the company gather raw materials?
- Operations: How does the company convert raw materials into products?
- Outbound Logistics: How does the company ensure that products reach consumers when and where wanted?
- Marketing & Sales: How does the company inform customers about the products offered and how do they make the sale?
- Service: How does the company ensure the product delivers the promises made so the customer remains satisfied?

Before beginning CI research, you should reflect on who the competitors are and what the territory is. Most of the time, it is not simple. In the case of the laundry business, for example, it is fairly easy to determine that all the other laundry companies in the business territory are competitors, and also that even the customer becomes a competitor when they clean and iron their own clothes. But are the supermarkets competitors when they advertise reduced prices on laundry soap and starch? Are the retail stores competitors when they have sales for new clothing? When you take a look at what they are taking away from the revenue of the laundry if they had not advertised, it seems that they really are competitors.

CI is also partially about preparing your strategy because you know “what you are up against and the space in which it operates”. CI should tell you who the old and new competitors are and what percentage of the market share they have. CI should also tell you what your current competitors are doing that is new, what programs they have and how effective these programs are. Is their equipment old and failing? Will they need to spend substantially to upgrade their equipment to cope with emerging technology? How do they respond to challenges in the marketplace? Do a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis on the competitor and see what you find.

Another important part of CI is obtaining market data. Although most of the high quality market studies on the Internet are only available from sites where you pay for the information, an abundance of market research data can be found from the federal government beginning with the main government portal found at <http://www.fedstats.gov/>. There are also numerous statistical reports available from the U.S. Census Bureau at <http://www.census.gov/>, with the American FactFinder especially worth scanning at <http://factfinder.census.gov/home/saff/main.html?lang=en>. Also noteworthy are the State Data Centers found at <http://www.census.gov/sdc/www/> and the collections at the U.S. Department of Labor <http://www.bls.gov/bls/proghome.htm>. The Small Business Administration’s Office of Economic Research is also a valuable source of general market data sources found at <http://www.sba.gov/advo/research/>.

A good reflection that can help illuminate the dynamic and complex nature of CI is to think of the type research that Starbucks would do before opening a new store. Or how HP could respond, or if they should respond to an advertising blitz from Dell. Or how the capabilities of the giant supermarket chains would have to be weighed in planning the start-up of a small grocery in your neighborhood.

The companies operating in the area under review must be identified, and their capabilities and market share are essential for planning company development. The marketplace should be explored so the research cycle is complete: The basic CI questions provide the information needed to develop a successful business strategy.

Here are some excellent CI-related links from diverse sources:

Fuld & Company Internet Intelligence Index: <http://www.fuld.com/Tindex/I3.html>

Law Librarian's Resource Exchange: <http://www.llrx.com/features/ciguide.htm>

Market Research Sources: <http://www.mindbranch.com/>

BizStats Industry Statistics and Ratios: <http://www.bizstats.com/>

Business Data and Statistics: <http://www.business.gov/expand/business-data/>

Statistical Thinking for Managerial Decisions:  
<http://home.ubalt.edu/ntsbarsh/Business-stat/opre504.htm#rrstatthink>

World Bank Development Indicators: <http://tinyurl.com/4rcrbv>

Resources from the International Labor Organization:  
<http://webfusion.ilo.org/public/english/links/index.cfm>

For more information about competitive analysis, company and market research, or to report any broken links, make comments or reveal any additional resources, please contact [rguffey@e-clarity.us](mailto:rguffey@e-clarity.us).

*Randy Guffey is the Founder and Senior Partner for e-Clarity LLC, a national research firm based in Southwest Florida. You can find more information on the company website at [www.e-clarity.us](http://www.e-clarity.us).*