

# How to Analyze Your Data to Develop Competitive Intelligence

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## Introduction

CI relies on aggressive information gathering skills. Similar to medical investigation, detective work, and military intelligence, CI pounces on fragmented data from a variety of sources, consolidates this data, verifies the findings, and then provides direction to make a decision.

Fragmented data translates into a diversity of primary and secondary sources.

**Primary Sources** include ad agencies, association members, bank economists, company employees, competitors, competitors of a competitor, consultants, customers, equipment suppliers, franchisees, government trade officers, head hunters, journalists, media reps, Ph.D. students, stock brokers, trade consulates, trade show attendees and unions.

**Secondary Sources** include competitor annual reports, brochures, newsletters, news releases, trademark applications, and websites.

## Downsides of Not Incorporating Mathematics and Summary Tables into Interpreting Data

Beyond the challenge of measuring up to marketing research, the need to apply simple, analytical tools to help to interpret CI is pressing. Without incorporating mathematics and summary tables into interpreting the data, you run the risk of:

1. Spending too much time and money on sourcing data, instead of using analysis to fast track to the answers. In other words, instead of trying to get all of our

answers from the sources we tap, we should begin thinking of how to use analytical tools to uncover information, while cutting back on time spent in the field uncovering information.

2. Alienating decision-makers because your reports are too wordy.

3. Drawing conclusions that lack accuracy because the data has not been consolidated or verified from multiple sources.

## Analytical Tools

Listed below are 5 integrated tools that are easy to use. Incorporating these tools into your analysis demonstrates that you have applied due diligence in ensuring your findings are accurate, thorough and measurable. An excellent way to learn how to use these techniques is through the following mini case:

*You work as a CI analyst at a financial institution. Your assignment is to carry out an exhaustive scan of your competitors' customer statements. The objective of this investigation is to upgrade your own customer statements by identifying competitor best practices to incorporate and weaknesses to leverage.*

1. *Your method of attack is to carry out a data cell screen to determine which competitor statements are the most meaningful for you to uncover and analyze.*

2. *Your next step is to clarify the data, by providing a glossary to interpret the results. This will ensure that any gray areas of inter-*

*pretation will be made clear, and any potential gaps in the interpretation will be filled.*

3. *Following the data clarification, you incorporate a simple summary table to consolidate the various competitor product features, benefits, weaknesses and restrictions.*

4. *To go outside of the box, you incorporate data overlapping, to draw insights from non-banking competitors and hence, broaden your understanding.*

5. *To ensure that your conclusions can be corroborated, you verify the data through multiple sources including articles, competitor brochures, client interviews and discussions with your sales reps.*

## Data Cell Screen

*Example - Pinpointing The Must Know Versus Nice To Know Data Cells To Fill*

Before you agree to collect and analyze the data, you establish a data cell screen by mapping out the total number of potential cells in order to pinpoint which gaps are to be filled. This task streamlines the search to a manageable level of information to be retrieved.

## Steps

1. Agree to the Must Know Questions:
  - i. What features are common in competitor customer statements?
  - ii. What restrictions do competitors document in their statements?
  - iii. What competitor best practices can we adapt into our statements?
  - iv. What competitor weaknesses can we leverage to our advantage?

v. What competitor development will threaten our business?

2. Calculate the total number of possible cells to be filled:

- 7 competitors (Amex, Bank America, ING, Wells Fargo, Charles Schwab, Citibank, Chase Manhattan)
- 7 categories (Savings, Money Market Funds, Domestic Income Funds, Foreign Income Funds, Domestic Equity Funds, Small Business, Estate Planning) or 49 possible cells to fill.

3. Narrow down the cells by asking your client:

- Of those categories listed, which are the most important categories to focus on?
- Is there a market leader to address first and extrapolate from?
- Is there a key product per competitor to concentrate on?

4. Construct a matrix and conclude there are five critical cells to investigate:

- Estate Planning for Amex
- Foreign Income Funds for Bank of America
- Savings Accounts for ING
- Small Business Accounts for Charles Schwab
- Domestic Income Funds for Citibank (See Table 1)

## Data Clarification

### Example - Price Reconciliation For Replacement Parts

An important function of CI is providing clarity to data that would otherwise remain unsubstantiated, diffused and/or unclear. Similar to microscopes and medical probes (where microanalysis plays a key role), data clarification serves to amplify findings and, in doing so, disentangle information into meaningful results.

If, for instance, you were carrying out a pricing investigation on service charges for **appliances**, data clarification would dictate that you factor in inspection fees and trip charges to ensure you are comparing hidden charges as well as base prices among competitors.

Or, if you were working in **packaged goods**, the “All Other” category in some of the syndicated reports measuring mar-

**Table 1**

Area of Investigation	Amex	Bank of America	ING	Wells Fargo	Charles Schwab	Citibank	Chase Manhattan
Savings Account	?	?	3	?	?	?	?
Money Market Funds	?	?	?	?	?	?	?
Domestic Funds	?	?	?	?	?	5	?
Foreign Income Funds	?	2	?	?	?	?	?
Equity Funds	?	?	?	?	?	?	?
Small Business Accounts	?	?	?	?	4	?	?
Estate Planning	1	?	?	?	?	?	?

**Table 2**

Area of Investigation	Dealer	Manufacturer	Disparity
Alleged Price Disparity	\$470	\$390	+ \$80
First Price Adjustment:	YES \$10 \$460	NO \$0 \$390	+ \$70
Second Price Adjustment:	YES \$50 \$410	NO \$0 \$390	+ \$20
Third Price Adjustment:	YES \$41 \$369	NO \$0 \$390	- \$21

**Table 3**

Term	Explanation
Mystery Shop	Audit to uncover sales and service gaps under the scenario of a customer.
Onsite Trade Survey	Interview competitor staff on their planned initiatives.
Customer Intercepts	Feedback from competitor’s customers exiting the stores.
Window Posters	Posters displayed on store windows facing outwards.
In-store Posters	Posters located on store walls.
Banners	Canvas or linen signs, suspended from the ceiling.
Counter Cards	Small cardboard signs (e.g. 12” wide by 4” high) displayed on counter tops.
Specials	Offers such as contests, sweepstakes, bonus interest rate points, etc.
Leave Behinds	Brochures, rate sheets and any other literature for customers to take away and read.
Video Screen	An interactive video on products and philosophy behind the products.

**Table 4**

Competitor	Transfer Commission	Roll Over Commission	Fee
American Insurance Inc.	0.25% to 1.25%	<input type="checkbox"/> 0.5% to 3% on first \$50,000 <input type="checkbox"/> 1% thereafter	1% to 1.25%
Tri- Mutual Insurance	Up to 0.50%	<input type="checkbox"/> 0.25% to 1.0% on \$ already in <input type="checkbox"/> 1.0% on new \$ going in	1.0%
Yianna Insurance Corp.	0.25% to 0.50%	<input type="checkbox"/> 0.25% to 2.5% on \$ already in <input type="checkbox"/> 0.25% to 2.0% on new \$ going in	0.25% to 0.50%
Norm	0.50%	<input type="checkbox"/> 0.50% to 2.5% on \$ already in <input type="checkbox"/> 1.0% on new \$ going in	0.50% to 1.0%
Range	0.25% to 1.25%	<input type="checkbox"/> 0.25% to 3.0% on \$ already in <input type="checkbox"/> 0.25% to 2.0% on new \$ going in	0.25% to 1.25%

**Table 5**

Item	Cable TV	Cellular	Utility	Bank	Your Company
Billing Enquiry Tel #	Yes	Yes	Yes	Yes	
Billing Enquiry Hours	Yes	Yes	Yes	Yes	
Customer Service Tel #	Yes	Yes	No	No	
Automatic Balance Update Tel #	Yes	No	No	No	
Previous Balance	Yes	Yes	Yes	Yes	
Tips to Save \$ with Account	Yes	No	No	No	
“See Reverse for Terms and Condi-	Yes	Yes	Yes	Yes	
Late Payment Notice	Yes	Yes	Yes	No	
Description of a Specific Promotion.	Yes	Yes	No	No	
Thank You for Payment Insert	Yes	Yes	Yes	Yes	
<b>Total Score / 10</b>	<b>10/10</b>	<b>8/10</b>	<b>6/10</b>	<b>5/10</b>	

ket share could be as high as 40%. CI would dictate that you get clarification as to what competitors include in the “All Other” category. If you did not, you would risk being blinded by a non-traditional competitor making a grab for your customer base.

The following table illustrates how a dealer’s price on a furnace replacement part is actually \$21 **lower** than the manufacturer’s, even though the same dealer has complained that he is being undercut by \$80. (See Table 2).

*Example - Glossary to Interpret Mystery Shop Terms*

Data clarification also serves as a glossary, ensuring readers are interpreting the various terms correctly. The likelihood of misinterpreting the findings and drawing wrong conclusions is minimized.

**Data Consolidation**

Data consolidation reassembles the fragmented data into summary tables. The very task of consolidating the data forces one to be thorough and analytical

*Example -Simplifying Competitor Group Plan Insurance Commissions Into An Easily Understood Format.*

**Data Overlapping**

Data overlapping enables you to broaden your understanding of the challenges and opportunities in your market by merging findings from leading companies in non - competitor industries.

*Example - Benchmarking Best Practices Of Non-Competitor Customer Statements.*

Let’s assume you are a new online company and want to benchmark other industry best practices in terms of how they present their customer statements. You decide to look at Cable TV, Cellular, Utility and Banking for insights to capitalize on.

## Your Observations:

- Cable TV (10/10) leads in providing helpful information on customer statements followed by Cellular (8/10), Utilities (6/10), and Banking (5/10).
- We subsequently spoke to 3 cable TV providers for tips on how to upgrade our customer account statements. Each had recently upgraded their respective statements. Two reported a significant increase in add-on purchases by customers. The third claimed a 3% increase in customer satisfaction as a result of the efforts made to improve their customers' statements.

## Your Recommendation - Include The Following In Our Customer Statements:

- Telephone numbers (e.g. customer service, automatic balance updates)
- Suggestions (e.g. tips on how to minimize service charges)
- Advertising (e.g. new promotions, products, and services)

## Data Verification

Verifies findings by uncovering CI from more than one source.

### **Example – Determine Spike In Daily Sales Revenue Of A New Competitor Selling Computers Through Telephone Sales.**

For example, your competitor introduces “Value Added” customer account statements that include software for customers to access accounts without incurring service charges.

In fact, they are offering a promotion. If

callers sign-up by the end of the month, they will automatically be rewarded 2000 Air Miles Points.

To determine their spike in daily sales volume, you scan the following sources to generate a meaningful and accurate estimate.

1. Newspaper articles mentioning volume details.
2. Contacts within your own organization.
3. PC Advantage call center agents.
4. A sample of your own clients.

The estimates, supported by calculations are then listed.

### **Pinpointing The # of Competitor Computers Sold Per Day**

#### Estimate #1:

Newspaper articles indicate that 196,000 people signed on as PC Advantage High Value customers during the first 5 weeks.  $166,000/5 = 39,200$  per week of **5,600/day**.

#### Estimate #2:

A PC Advantage call center rep signs-up 360 High Value customers per week.  $360/5 \text{ days} = 72/\text{day}$ . They estimate that the competitor employs 65 telemarketing operators.  $72 \text{ new accounts/day} \times 65 \text{ operators} = \mathbf{4,680/day}$ .

#### Estimate #3:

A PC Advantage call center supervisor reveals that in the Northeast, they sign up 1,750 High Value clients a day. Assuming the Northeast accounts for 40% of all US sales,  $1,750/40\% = \mathbf{4,375/day}$ .

#### Estimate #4:

Your marketing research manager agrees to conduct a phone survey interviewing participants who, as a result of the High Value offer, recently migrated from your bank to PC Advantage. Her findings indicate that 0.001% of the total market (5,175,000) or **5,175/day** will likely sign onto PC Advantage. The ‘spike’ period (when sales are highest), will last for 30 days.

## Net Impression

4,957 customers will sign onto PC Advantage each day for the next 30 days, based on the following factors:

- The four estimates average out to 4,957 ( $5,600 + 4,680 + 4,375 + 5,175/4$ ).
- The daily sales volume ranges from 4,375 to 5,600.
- The time frame of this estimate is capped at 30 days.

## Conclusion

Incorporating all five analytical tools into your investigation will help fast-track your reports and improve the quality of your analysis.

If you do not plan your area of focus and method of analysis, you risk misinforming your readers with inaccurate information and poor direction.

Ultimately your reports will be rated according to their format, insights and recommendations. The effort you invest into sourcing CI will be meaningless unless you apply the same due diligence, creativity and enthusiasm to interpreting your data. ●