1. EXECUTIVE SUMMARY

For this report, 281 companies were interviewed in order to identify the present status, organization, IT tools and future outlook of Market Intelligence activities.

Companies from the following countries took part in the study: Belgium, Finland, UK, the Netherlands, United States, India, Brazil, Germany, and Spain. Member companies in the Global Intelligence Alliance in these countries were responsible for data collection.

In general, the vast majority of large companies in all markets conduct Market Intelligence activities which are mostly aimed at acquiring further information on competitors, industry and customers.

Market Intelligence activities are mainly conducted to support corporate strategic planning and business development, while sales and marketing remain another typical user group of the collected business information.

Market Intelligence is currently still a relatively nascent practice within companies, however, across all the markets companies do appear to conduct all forms of MI activities (continuous monitoring, regular reviews, ad-hoc reports).

This is the second time the Global Market Intelligence Study has been carried out; the first time was in 2005 and it is now one of the most comprehensive, if not the most comprehensive, global Market Intelligence study based on interviews.
The vast majority of companies conduct their own Market Intelligence information processing within a centralized unit. However, MI activity is still relatively small-scale given that the global average for personnel allocated to MI activities is below ten.

The figure below presents an overview of the drivers and constraints that will influence Market Intelligence activities over the next 5 years.
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2. INTRODUCTION

The purpose of this Market Intelligence in Large Companies – Global Study 2007 is to develop a greater understanding of not only how large international companies conduct intelligence activities but also of global intelligence development in general. The aim is also to allow other companies to benchmark their own MI activities in order to understand how to best improve their own MI situation.

The Global Market Intelligence Study was first carried out in 2005 and received much interest. The aim now is for the study to be carried out once every two years in order to develop a longitudinal research project on a global scale.

What makes the Global Market Intelligence Study unique is that it is a global research project conducted by people from a wide number of countries. Also, the fact it is an interview study distinguishes it from survey-based research; the participants have had the opportunity to discuss and ask questions and consequently we believe that this will make the result richer and provide a more comprehensive picture of the issue in question.

The initial hypothesis was that MI should get an increasing amount of interest due mainly to the following global business trends:

- Increasingly dynamic markets – shorter product life cycles, new entrants, faster development and diffusion of new technology, etc.
- Globalization – creates new business opportunities and threats.
- Need for efficiency in all areas of business – even in information collection and analysis.
- The general need for business information from the external business environment has increased both for top-management and most white-collar employees.

We hope that the study will be interesting to read and that it will provide you with ideas on how to improve the intelligence activities of your organization.

2.1 TERMINOLOGY

Throughout the report the term Market Intelligence (MI) will be used, while it is acknowledged that the term is frequently used in parallel or interchangeably with “Competitive Intelligence” (CI) or “Business Intelligence” (BI). The meaning of the concept however is the same. Below is SCIP’s definition of CI.

CI is defined by the Society of Competitive Intelligence Professionals (SCIP) as “the process of enhancing marketplace competitiveness through a greater -- yet unequivocally ethical -- understanding of a firm’s competitors and the competitive environment.”
3. DESIGN AND IMPLEMENTATION OF THE RESEARCH

The interview respondents come from the top 100/200 list for most countries and from the Fortune 500 list in the USA.

MI managers or persons with responsibility for MI were identified and based on an interview document consisting of 20 questions. The interviews were conducted in the local language of each country to ensure participants understood everything. The interview format was semi-structured with multiple choice and open-ended questions and the results thereof were then sent to the GIA to be compiled and analyzed. The table below indicates the number of participating companies per country.

<table>
<thead>
<tr>
<th>Country</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>25</td>
</tr>
<tr>
<td>Brazil</td>
<td>25</td>
</tr>
<tr>
<td>Finland</td>
<td>51</td>
</tr>
<tr>
<td>Germany</td>
<td>30</td>
</tr>
<tr>
<td>India</td>
<td>30</td>
</tr>
<tr>
<td>Netherlands</td>
<td>31</td>
</tr>
<tr>
<td>Spain</td>
<td>32</td>
</tr>
<tr>
<td>UK</td>
<td>28</td>
</tr>
<tr>
<td>USA</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>281</td>
</tr>
</tbody>
</table>

The 2007 study includes new countries, namely Belgium, the UK and the USA and as result, no comparison can be made for these countries against data collated for the 2005 study. However, a comparison will be made for those countries included in 2005.

Data has also been broken down according to industry; this was not done in the 2005 study.

For some questions an importance rating has been used, which is the same importance rating as in 2005 (1st:10, 2nd:6, 3rd:4)
4. REPORT STRUCTURE

For the benefit of readers new to the field of MI, each section will commence with a brief introduction giving an overview of the relevant topic area. The study data will then be presented from a country and industry perspective. Comparisons will also be made with the 2005 study. Conclusions are made and comments and recommendations are issued based on the data collected. The GIA comments and recommendations are based on quantitative and qualitative input from the respondents as well as GIA’s extensive experience of Competitive Intelligence activities in general and especially MI consulting.

Additional comments regarding the research methodology
For multiple entries in one cell when only one entry is required -> one entry is selected randomly and the rest are deleted (for a priority question, entries in the most important cell are entered as 2nd and 3rd most important). Deleted data is utilized for other purposes than the charts.

The qualitative analysis of open-ended questions relied largely (with regard to the country analysis) on quantification (Categorization) and intuition due to the high volume of data.

The Excel Pivot functionality was used for cross analysis.

5. KEY FINDINGS

5.1 DEFINITION OF THE ACTIVITY
5.1.1 SYSTEMATIC INFORMATION COLLECTION AND ANALYSIS

Introduction
All organizations need to be aware of developments in their business environment. Organizations have always achieved this informally. However, in 1980, Professor Michael Porter stated that this was not enough. He advocated a structured intelligence process at all times in order to continuously and systematically identify business opportunities and threats.

Study Data
Competitive Intelligence is widely utilized in most countries in this survey. With the exception of India, the usage rate for all countries was above 80 percent. 84 percent of all respondents reported that they conduct MI activities and nearly 40 percent of respondents that did not conduct Competitive Intelligence activities were in the process of planning or starting such activities. It would therefore appear that MI is taking hold across the globe.

Companies that did not conduct MI activities acquired their information informally from the external operating environment through partners, the news or from ad-hoc analysis projects. Only 7 companies from the whole study reported that they had no plans to start MI activities. The most commonly mentioned reasons for not conducting MI activities were “slow moving or mature markets” or “good industry info. flow through partner network”. 8 respondents were not sure of their company plans regarding MI.

All the US respondents reported that they conduct MI activities, which was exactly what was expected as liberal markets tend to me more dynamic. The high penetration rate in the UK market supported this assumption.
The age of MI activity varied considerably across the markets and did not seem to correlate with the penetration rate. The results clearly showed that companies from the Benelux countries and Germany were the forerunners in the field of MI. Finland and the USA also rated well above average. However, at 6.9 years, surprisingly the UK was somewhat below the global average age of 8.3 years. Brazil and Spain also fell short of the average.

Comparison with the 2005 Study
Compared to 2005, the penetration rate for MI activities fell from 87 to 84 percent. The difference is only slight and although the majority of countries demonstrate differing levels of MI activity compared to 2005, it could be claimed that the overall level of MI activity is the same as that indicated in the 2005 study. It is also worth noting that with the exception of India the penetration rate would have increased to 92 percent.

Industry Comparison
For industry, the difference was considerable both in terms of MI age and penetration. The results show that the automotive industry was the clear forerunner in MI activity with penetration rising above 90 percent and the age exceeding 11 years. The Energy, ICT and Service industries scored 100 percent utilization rates but their respective MI ages were considerably lower than the automotive industry.
MI penetration in the energy industry was particularly surprising given that across many markets governments have a monopoly over this sector. However, the recent deregulation of the energy markets is reflected in the low MI activity age of 4.8 years.

GIA Comments
It was thought that the USA and the UK would be ranked higher given that we expect liberal markets to increase the average MI age.

In companies that have reorganized several times, current MI managers may not be fully aware of previous efforts made to conduct MI activities due to a lack of organization with respect to company records.

GIA Recommendations
1. From the very start of a new organization, business unit or team being put in place, intelligence should be included in all critical business processes.

5.1.2 TERMINOLOGY USED

Introduction
Over time, various terms have been used to describe the process by which a company becomes aware of the external environment: Environmental Scanning, Market Awareness, Competitor Intelligence, Competitive Intelligence, Business Intelligence, Strategic Intelligence and Market Intelligence are but a few.

Study Data
In general, the terminology used for systematic monitoring of the external operating environment was somewhat ambiguous. ‘Business Intelligence’ was the most commonly used term receiving 26 percent of the companies’ responses. However, the second most popular response with a 20 percent share was ‘something else’ than what was specified in the questionnaire.
Market Intelligence (17%) was the second most widely used term followed closely by Competitive Intelligence (14%). The results clearly show that other alternatives were used less frequently than the top three terms. Business Intelligence, Market Intelligence and Competitive Intelligence were by far the dominant terms with nearly a 60 percent share of the responses. It would therefore appear that there is no evidence of a common global ‘language’.

Although the Global responses were widely spread, a country-comparison reveals that there were clearly dominant terms in some countries. In Belgium and Brazil Market Intelligence was the dominant term used by 52 and 38 percent of the responding companies respectively. In Finland and the Netherlands Business Intelligence was the most popular term, used by 52 and 40 percent of the responding companies respectively. In India and the USA Competitive Intelligence was the most widely used term with approximately one third of the responding companies stating it as their preference. Finally, the terminology appears to be most ambiguous in Germany and Spain.
Comparison with the 2005 Study
A comparison of the results from the 2007 and 2005 studies clearly shows that the use of Business Intelligence has increased by 10 percent. The use of Market Intelligence has also increased by 6 percent. On the other hand, use of the term Market Research has fallen by 15 percent.

These results undoubtedly indicate that MI is taking hold within companies. The huge downturn from 2005 in the use of ‘Market Research’, which was previously the dominant term, demonstrates that companies are starting to understand that MI is a separate function from marketing which can also be used by different areas of a company. Business Intelligence appears to becoming the dominant term but the use of Market Intelligence has also increased significantly.

Industry Comparison
The industry comparison revealed that established terminology exists in very few industries. In the healthcare and mining, metals & minerals industries, over 60 percent of respondents used ‘Market Intelligence’ to describe intelligence-related activities. Other than that, there was very little crossover between industries in terms of terminology used.
GIA Comments

It would appear that the terminology used bears more of a relation to the market than the industry. BI & MI appear to be becoming the dominant terms. However, it is important to note that the term Business Intelligence is also used by IT companies to refer to enterprise-wide-systems which are more focused on data mining internal figures and processes than on information from the external business environment.

GIA Recommendations

1. The terminology used must be easily recognized by the organization’s members.

2. It is essential to ensure that the organization’s members are fully aware of the organization’s intelligence activities.

3. The term used should be communicated and explained throughout the organization. When different terms are used, the correlation must be logical and any differences should be explained in detail to avoid confusion. This is important for the internal marketing of Competitive Intelligence.

4. Everyone in the organization should be aware of why, how and when intelligence is used.

5.1.3 THE MOST IMPORTANT INFORMATION NEEDS

Introduction

The issue of which topic MI activities should be focused on is a question of paramount importance. Historically, companies have focused on market and industry-related issues. However, change can also originate from outside the industry boundaries in the form of new trends, new technologies and new regulation. The requirement therefore is for a comprehensive focus covering broad information needs in order to identify business opportunities and threats.

Study Data

The intelligence needs for the responding companies seemed to focus primarily on “competitors” (31%), the companies’ “own industry” (25%) and the “customer” (23%). Other topics such as “macro-environmental trends” and “technologies” were clearly considered less important. The top three information needs received nearly 80 percent of the responses.
The top three information needs were the same for all the responding companies. However, there was some country-specific variation in the ranking of these needs. Most countries rated information on the “competitors” as the most important need, but Brazilian companies for example appeared to focus more on acquiring information on their “own industry” (39%). Companies from Belgium and Spain taking part in the study revealed an above-average focus on “customer” information, rating this as the most or second most important need.

Figure 9
Top 3 Intelligence Needs by Market

Comparison with the 2005 Study
There have not been any considerable changes in intelligence needs compared to the 2005 study. Information on “competitors”, considered to be the most important information need, was higher than in 2005 and was followed by information on “own industry” and “customer” respectively. The “customer industries” information need had doubled but still remained low at 7 percent and the “macro-environmental trends” information need had decreased by 4 percent.

Figure 10
Intelligence Needs
Industry Comparison

There were clear industry differences in terms of information needs. The automotive, retail and transport industries rated information on the “customer” as the most important information need (37%, 36% and 50%, respectively). Most industries regarded information on “competitors” to be the most important need, in particular the healthcare (46%) and financial (36%) industries.

On a global level, less important topics such as “technologies”, “similar industries” and “macro-environmental trends” did not gain a significant share of the responses. “Customer industries” however was clearly considered important in the service sector receiving a 17 percent share of the responses.

Figure 11

Most Important Information Needs by Industry

GIA Recommendations

1. Ensure that the intelligence activities cover the whole business environment. Unexpected events in business and business opportunities can arise from anywhere. Issues to monitor:
   - Macro issues (PESTLE)
   - Global trends
   - Trends in related industries
   - Industry change
   - Regulatory change

By monitoring a broad range of issues, the intelligence function will be able to detect business opportunities and threats in advance and thus enable proactive management.

2. Conduct regular intelligence needs investigations. These are best carried out by conducting interviews (for top management), holding workshops (for middle management and experts) or through surveys if the user group is large (sales team).

3. Conduct an intelligence audit to determine the level of informal intelligence activities being carried out. This will most likely reveal that there are many activities going on in parallel. By coordinating these activities, a wide spectrum of the business environment can be covered.
5.1.4 UTILIZATION OF MARKET INTELLIGENCE ELEMENTS

Introduction
MI is a process with many distinct features. Some organizations only utilize MI elements on an ad hoc basis, whereas others conduct regular reviews on an annual, quarterly or monthly basis. Some organizations also utilize continuous monitoring all the time. This study shows how the different MI elements are used.

Study Data
Overall, the utilization of MI elements was very high in all market areas. Regular reviews (37%) were regarded as the most important MI element followed by continuous monitoring (35%). Ad hoc reports were regarded as least important, but they were utilized more often than continuous monitoring.

Continuous monitoring however was regarded as the most important element by almost half of the responding companies. The USA and Finland were the only countries where fewer than 40 percent of the respondents regarded it as the most important element to be utilized.

Comparison with the 2005 Study
Compared with the 2005 study, the importance attributed to each MI element has largely remained the same. Continuous monitoring has decreased by 3.5 percent and is thus considered less important in 2007. Due to a 1.4 percent increase, regular reviews are now considered to be more important than continuous monitoring and as such this changes the order of importance from 2005. The importance of ad hoc reports has largely remained the same.

Industry Comparison
The level of importance attached to MI elements is largely the same across all the industries. The energy and retail industries attach an above-average level of importance to ad hoc reports and the manufacturing and transport industries appear to attach a slightly above-average level of importance to continuous monitoring. Overall, only slight differences between the industries can be identified.
GIA Comments

MI units relying heavily on ad hoc intelligence activities may find that they fall into what is called the “reactive ad-hoc trap”. This means that without monitoring or regular reviews, someone will need to point out when something important happens. The occurrence of an important event will require intelligence activities to be conducted and this will force the MI team to work in a reactive manner which will often impede its chances of success. This is often the case in a start-up phase. For long-term success, MI elements need to be balanced.

GIA Recommendations

1. Ensure there is a good balance between continuous monitoring, regular reviews and ad-hoc reporting.

2. Proper continuous monitoring with a high level of automation with regard to news feeds and profiles etc. will save on time that otherwise must be allocated to the manual handling of ad hoc requests.

3. Investigate if and how outsourcing some of the tasks will help you to achieve a greater sense of balance with regard to these elements.
5.1.5 LOCATION OF INFORMATION PROCESSING

Introduction

The organization of Market Intelligence is a much-debated issue. Should a central unit deal with this, several decentralized units or should it be completely outsourced? There are many different options and possibilities. Historically the trend has been as follows: informal organization with little coordination; a central unit with little coordination with decentralized units; and centralized units working in cooperation with decentralized units.

Study Data

71 percent of MI information processing was carried out in-house with 69 percent of this being done in centralized MI units. The market differences in terms of outsourcing were very slight. Finland’s utilization of centralized MI units was clearly below the average whereas Brazil’s was clearly above the average.

Comparison with the 2005 Study

Compared to 2005 the global averages remained the same for both in-house processing and centralization, and the country comparison showed only slight percentage variations for Germany and Brazil.
Industry Comparison
The industry comparison revealed clear variations in the location of information processing. In the service sector, 90 percent of information processing was carried out in-house with 60 percent of this being done in centralized units. In companies operating in the mining, metals & minerals industry, less than 50% of information processing was done in-house. The energy and transport industries also appeared to outsource a substantial part of their information processing.

The retail, automotive and manufacturing industries used centralized units more frequently than the global average.

GIA Comments
The manner in which an MI unit is organized is most likely to reflect the organizational principles applied throughout a given company. On this basis, centralized companies would then tend to have a centralized MI unit.

Patterns relating to the outsourcing of business activities are not shown in this data. However, some MI activities such as information collection and information structuring can be outsourced even if the MI unit is centralized. Some companies with advanced MI activities have outsourced a large part of the more basic information collection, structuring and analysis work so that they can concentrate on the more advanced analysis and conclusion work and give due consideration to the implications which arise.

GIA Recommendations
1. Organize MI around business processes, not around people or organizational units.

2. Develop internal and external MI networks of people who can contribute to these processes.

3. Consider outsourcing everything that is not considered to be a strategic core competence such as the collection and structuring of information from public sources, primary information collection, development of fact packs and basic profiles, and IT-tools.

4. Have a central person responsible for coordinating MI activities within the organization and also with external parties involved in the MI process.
5.1.6 UTILIZATION OF INTERNAL MARKET INTELLIGENCE INFORMATION

Introduction
When it comes to acquiring general knowledge, and particularly intelligence, the employees can act as a company’s eyes and ears. However, this traditionally has been a topic with which many MI functions have had problems given that obtaining intelligence from the sales and service personnel and management etc., has proven to be a tough task.

Study Data
In general, companies participating in the study felt that they had some problems utilizing internal MI knowledge. Although there were significant differences between the countries, all the market areas rated their use of internal MI information as ‘satisfactory’. German companies were the most satisfied and Belgian respondents the least. The USA, India and Spain had an above-average level of satisfaction regarding their use of internal MI knowledge.

The respondents were also asked to elaborate on how they extract this information. The answers varied considerably but the most commonly reported methods included “utilization of IT tools” and “ad hoc and informal extraction of MI information on a need basis”. A small proportion of companies reported that they used formal methods such as conferences, project/seminar debriefs, interviews, documentation and HRM.

Overall the implication seemed to be that very few companies are deploying structured methods to extract internal MI information. The use of MI tools also appeared to be lower than expected (with the exception of e-mail correspondence).

Comparison with the 2005 Study
Overall, levels of satisfaction across the globe regarding the use of internal MI knowledge were slightly down on 2005 levels. A comparison of the results for the Netherlands, Germany and Finland in 2005 with those for 2007 showed that the European companies were slightly more satisfied with their use of internal MI information in 2007. However, a similar comparison for Brazil showed that its level of satisfaction had dropped significantly in 2007.
Industry Comparison

Most of the industries rated their satisfaction with regard to the use of internal MI information at the 'satisfactory' level. However, companies responding from the healthcare industry appeared to be less satisfied as the average for this industry fell to 'Fair'. Companies from the manufacturing, retail, service sector and transportation industries rated their performance clearly below the 'satisfactory' level. On average, none of the industries participating in the study rated their satisfaction level as 'well'.

Figure 19
Levels of Satisfaction Regarding the Use of Internal MI Information by Industry
GIA Comments

There was a lot of variation in terms of the means used to extract the internal MI information and as a result, it is difficult to make any generalizations. However, the following observations can be made:

1. Reference was often made across all the markets to some sort of portal or IT tool (MS SharePoint was often mentioned).

2. Information is often extracted on an informal and ad hoc basis, in one-to-one situations, through email correspondence or via bulletin boards.

3. Only a few systematic methods of extracting information were reported and these included conference/project debrief interviews, mandatory documentation, regular conferences and HRM.

4. Sales department/sales staff were often mentioned as a source of information.

GIA Recommendations

1. Organize MI around business processes, not around individuals. Business processes seem to change less frequently than people or organizational units.

2. Ensure that the job description of every employee in the organization states involvement in MI-related issues.

3. Develop internal and external MI networks of people who can contribute to these processes. Topic-related networks are also feasible. Ensure that someone is responsible for managing the network.

4. Provide tools for easy submission of field information (MI portal on the Intranet, MI telephone number, MI e-mail address).

5. Provide these networks with regular feedback.

6. Ensure that the network members also receive valuable intelligence from other sources in order to provide them with good MI.
5.1.7 EXISTENCE OF MARKET INTELLIGENCE DEDICATED IT TOOLS

Introduction
The information explosion through the Internet, media monitoring and professional databases etc. has increased the amount of information that needs to be processed for intelligence purposes. Decentralization of business processes and the streamlining of organizations has led to tactical and operative decisions being made by more people than before. Consequently, the need to collect, structure, analyze and distribute information has increased. MI-dedicated IT-tools are seen as one way of improving the situation.

Study Data
The companies interviewed appeared to be using MI tools fairly actively given that 68 percent of all the respondents reported that they had an MI-dedicated IT tool. 43 percent reported that they had had the tool for over three years and 21 percent reported that they had obtained the tool within the last three years. One fifth of the respondents did not have a dedicated IT tool and were not planning to acquire one.

The penetration of these IT tools varied considerably across the markets. Only 35 percent of US respondents reported that they had MI-dedicated IT tools, which was the lowest rate of penetration on a global level. At 54 percent Spain also rated clearly below the global average, whilst respondents from the Netherlands reported the highest utilization rates at 89 percent. The wide variation across the markets was somewhat of a surprise.
Certain generalizations can be made regarding the use of this tool; for example, across all the markets, the system is most commonly used for storing and distributing information, and in the USA and the UK, approximately half of the respondents stated that they used the tool for data collection. Across other markets, little reference was made to the tool being used for analysis, data collection, integration and direct marketing (DM).

Comparison with the 2005 Study
Overall the penetration of MI-dedicated IT tools increased by 2 percent from 66 percent in 2005 with respondents from Brazil, Germany and the Netherlands all reporting higher IT tool utilization rates. However, in Finland MI-dedicated IT tools were used less often than in 2005, although with a decrease of only 3%, Finland still remained one of the top countries in terms of IT tool utilization.
Industry Comparison
Differences across the industries were somewhat smaller than expected. The manufacturing industry reported the lowest utilization rate with 53 percent penetration followed by the service sector at 56 percent. The financial industry also had a poor utilization rate of 62 percent. Healthcare reported the highest penetration at 80 percent.

Figure 23
Existence of MI-Dedicated IT Tools

Although they did not have the highest penetration rate, overall it appeared that the manufacturing, energy and financial industries and the service sector were the forerunners in utilizing MI-dedicated IT tools in their MI activities.

GIA Recommendations
1. Utilize IT tools for collecting information from primary and secondary sources, storing data and summarizing and distributing information.

2. Ensure that the tool supports personalized delivery of information.

3. Evaluate whether you need the tool in-house. If not, outsource to avoid becoming an IT department. ASP solutions are becoming more and more user friendly.

4. Only develop your own in-house solution if you have a very specific need to do so. IT tools can be purchased for most MI functions. MI teams should focus their resources on adding value, not on managing IT systems.
5.1.8 USED MARKET INTELLIGENCE CONCEPTS AND ANALYTICAL TOOLS

Introduction
To be meaningful, information must be value added. This is achieved by discarding superfluous information, and structuring and analyzing information. Within the field of MI today, numerous methods of analysis have been “imported” from the fields of business strategy, finance, marketing and organization, etc.

Respondents were asked to identify the most used analytical concepts.

Study Data
Companies deployed a wide range of analysis methods in their MI activities. On a global level, SWOT analysis was the most popular method of analysis (18.0%), followed by benchmarking (15.1%) and trend analysis (14.8%).

Industry Comparison
There were significant differences across the industries but there did not seem to be a clear rule determining the reasons for using the different methods. The four most popular methods were mostly the same across all the industries, notwithstanding some variation in order. SWOT, Trend analysis and Benchmarking proved to be the most popular methods for all the industries. Profiling was the least popular method in the automotive and retail industries.
GIA Comments
Analysis is the cornerstone of MI activities. Without proper analysis, companies will have serious difficulties developing strategic plans, developing the business in the proper direction and successfully launching new products and services.

GIA Recommendations
1. Identify possible methods of analysis for different “levels” of the business environment (e.g. macro analysis, industry analysis, organizational analysis, product analysis, personal analysis).

2. Combine several methods of analysis when conducting MI since each method has its own purpose, focus, advantages and disadvantages.

3. “Never” carry out an analysis on your own. The value of the results will be far greater if several people work on the analysis together, thus combining their knowledge, perspectives and experience. Conducting analysis in a workshop fashion is often very powerful.

4. Conduct intelligence-related workshops to add value to the analysis; for example, war games, scenario workshops, trend identification sessions, etc.

5. Within the organization, utilize the methods in similar ways. Use the same templates and the same analytical approach for each method.

6. Develop an “annual clock” to identify when different types of analysis, which will contribute to various business processes, need to be carried out. The incorporation of different methods of analysis will enable proactive intelligence management, thus improving results. This is also a way of integrating intelligence into the most important business processes.
5.1.9 BENEFITS ACHIEVED THROUGH THE USE OF MARKET INTELLIGENCE

Introduction
Organizations differ when it comes to the purpose and results of MI. While the overarching objective may be to improve the organization’s competitiveness, more operational benefits can and need also to be identified.

Study Data
27.7 percent of the respondents believed that the most important benefit of MI was the ‘increased quality of information’. This was followed by the ‘improved threat and opportunity identification’ and ‘improved distribution’, both of which received 12.9 percent of the responses. Other clearly important benefits were ‘increased awareness’ (12.3%), ‘improved planning and organization’ (9.9%) and ‘faster decision-making’ (9.5%).

A comparison of the results by market reveals that the perceived benefits vary very little between countries. Most of the countries represented in the study rated ‘increased quality of information’ as the most important benefit, but in Spain this was regarded as the third most important benefit with ‘increased awareness’ being rated as the most important. Across all the markets, ‘increased quality of information’, ‘improved information and opportunity identification’, ‘improved distribution’ and ‘increased awareness’ accounted for over 60 percent of the responses.
Comparison with the 2005 Study

A comparison with the 2005 study clearly shows that ‘increased quality of information’ is firmly considered to be the key benefit of MI activities. The proportion of responses it received increased from 17 percent in 2005 to 28 percent in 2007. Along with ‘improved efficiency’, it was the only benefit which saw a rise. The proportion of responses for ‘Faster decision making’ dropped by a third from 15 percent in 2005 to 10 percent in 2007.
Industry Comparison
All the industries regarded ‘increased quality of information’ to be the most important benefit and the transport, energy and automotive industries rated it significantly above the average level of importance for the benefits. The healthcare and energy industries gave an above-average rating to ‘improved threat and opportunity identification’ judging it to be the second most important benefit. Indeed the majority of industries considered ‘threat and opportunity identification’ to be the second most important benefit. The order of ‘improved awareness’ and ‘improved distribution’ however varied among industries.

GIA Comments
Measuring the value of MI is not an easy task. Various entities are trying to formulate a model to evaluate this activity, however, given its complex nature and the involvement of many persons in the process, it is not easy to define or identify how MI relates to successful business.

GIA Recommendations
1. Identify business cases where business has been won due to the successful use of MI. Also identify cases when your organization has been caught off guard. Then ask yourself what is the value of knowing as opposed to not knowing.

2. Measure the usage of MI products such as reports, MI portal use, etc.

3. Measure the satisfaction of MI usage among key MI user groups such as top management, the business development team and the sales team, etc.

4. Observe how other MI teams are measuring the success of MI.

5. Measure to what extent the organization has been able to save costs regarding information purchases. Centralizing this activity will most likely reduce the overall costs of information since it can avoid purchasing the same report many times. It can also lead to discounts from the information vendors when they sell to one account in stead of multiple accounts within your organization.

6. Try to measure the time savings that are achieved through the usage of systematized MI. This can actually be quite high, compared to the situation when the employees need to find, collect, structure and analyze information on their own.
5.2 ORGANIZATION OF THE MARKET INTELLIGENCE ACTIVITY

Introduction
The organization of MI is a complex matter since it transcends internal and external organizational boundaries. Many of the activities are of time critical nature and can often be of a very sensitive nature too. The future direction of the activity is of course another factor which adds to the complexity of the matter. This part of the study will look further into the user groups and consider how the responsibility of the activity is managed.

5.2.1 MARKET INTELLIGENCE PRODUCT USER GROUPS

Introduction
The person using the intelligence may differ significantly from one organization to another. Traditionally top executives have had the greatest access to MI, however, more modern approaches to management have taught us that the whole organization needs to be involved in decision-making activities on a strategic, tactical and operational level.

Study Data
MI products tended to be mostly used by ‘top management’ (39.6%), with ‘middle management’ in second place. Experts (21.1%) and other employees (5.3%) were clearly considered to be less important.

The overall importance varied very little across the different markets. The USA was the only country that considered ‘middle management’ to be the most important user group for MI products. The importance of ‘experts’ and ‘middle management’ was largely the same in all the countries with less than 10 percent variation for both user groups.
When respondents were asked to identify the primary internal customer, most responses stated the director or someone further up in the hierarchy and these persons tended mostly to be involved in marketing (e.g. marketing director), strategic planning or business development (e.g. CEO or Board of Directors).

Comparison with the 2005 Study
The importance of ‘top management’ has increased considerably from 30.4 percent in 2005 to 39.6 percent in 2007. Middle management has also increased its importance from 30.0 percent in 2005 to 34.0 percent in 2007. Consequently, the importance of experts and other employees decreased.
Industry Comparison

There does not appear to be any major industry differences in terms of the importance of different user groups as MI product users. Healthcare is the only industry which considers ‘middle management’ to be more important than ‘top management’. The importance of ‘experts’ seems to be the main variant across the industries. Responding companies from the energy industry rated experts as the second most important user group, equal to ‘middle management’.

GIA Comments

In general it would seem that ‘top management’ is regarded as being a more important user group in Europe than it is in America and India. However, it should be noted that there were no major differences in the reporting layers between Europe and other countries (1.56 vs. 1.82).

GIA Recommendations

1. Ensure that the needs of all the appropriate user groups are served.

2. Conduct an intelligence needs analysis at a group as well as individual level for the groups with the highest level of priority.

3. Prioritize the groups initially so that a quality service can be provided to one or a few groups. In this way quality will not be compromised by attempting to serve all the groups.
5.2.2 FUNCTIONS THAT UTILIZE MARKET INTELLIGENCE PRODUCTS

Introduction
The three functions that traditionally utilize MI are strategy, business development and marketing & sales. However, according to company case presentations and MI process reviews in publications, new functions such as HR and investor relations also now seem to be utilizing MI to a greater extent than before.

Study Data
At 40.8 percent, strategic planning/business development was clearly the most important function to use MI products. Sales and marketing was regarded as the second most important function with a 34.6 percent share. R & D clearly had a lower rating than the other functions, however, with a 19.0 percent share it was still regarded as quite an important function to utilize MI products.

The country comparison reveals only minor differences. While most of the countries regarded ‘strategic planning/business development’ as the most important function to utilize MI products, companies responding from the Netherlands, India and the USA regarded ‘sales and marketing’ as the most important function to utilize MI products.

The importance of R&D was considerable across all the markets. At 23 percent, companies responding from the USA gave R&D the highest rating out of all the countries represented in the survey.

Combining these results with those from the groups of personnel who use MI products, the clear principle that emerges is that companies focus their MI activities on producing information for corporate planning and decision making, whether these be related to strategy formulation, marketing or product development. Taking note of the primary customers as identified by the respondents, the focus area seems to be the top management in marketing and strategic planning/business development.
There was very little change in the importance of different functions as users of MI products. All the changes were less than one percent.
Industry Comparison
The service sector, retail, mining, metal & minerals and ICT industries regarded ‘sales and marketing’ as the most important function to utilize MI products, while other the industries regarded ‘strategic planning’ to be the most important. However, the industry differences were very slight as all industries rated both ‘strategic planning’ and ‘sales and marketing’ above 30%.

The greatest variation came in the form of the importance attached to R&D with the automotive, financial and ICT industries rating its importance over 20 percent.

GIA Recommendations
1. In order to provide world class intelligence capability, intelligence should support the strategy, the business development as well as the sales & marketing function to be truly successful.

2. Ensure that the intelligence activities are integrated into the business processes.

3. Develop MI products that are dedicated for the different processes. Examples of products might be mergers & acquisition screening, scenarios, market size and market share analysis, customer and competitor profiles, beat sheets, etc.
5.2.3 MARKET INTELLIGENCE INFORMATION PROCESSING AND BUDGETING

The right MI activities require the right resources in the form of money, time and personnel. MI functions sometimes state that until they can prove the investment to be worthwhile, getting adequate resources for MI can be problematic. However, without a budget in place from the start, it is difficult to deliver the required results.

Study Data
69 percent of the responding companies had allocated a cost center for their MI activities. The in-house MI information processing level was 71 percent, 49 percent of which was done in centralized units.

The highest outsourcing rates were in the UK, the Netherlands and Brazil (63.5%, 64.6% and 65.4%, respectively). The highest level of in-house processing was in Germany (79.8%) and Spain (74.6%). The differences between the levels of outsourcing information processing were relatively small. The utilization of centralized units for in-house information processing was highest in Germany (60.3%) and lowest in Finland (36.1%). All the other countries rated very close to the global average (49%).

Comparison with the 2005 Study
Compared to 2005, the utilization of cost centers appeared to drop significantly in most countries. However, this could be due to a re-worded question.
Industry Comparison

In-house processing was highest in the service sector (90%), followed by healthcare (80%). In most industries the level of outsourcing was close to the global average. The differences in centralization did not appear to be industry-specific or related to the level of in-house information processing.
GIA Comments
There is a clear correlation between the use of a cost center and whether a company does its information processing in house and in a centralized unit.

For "No" responses most commonly the costs are either part of the marketing or strategic planning/BD (or related) budget.

In Germany: MI is EITHER an internal service that is 'bought' and hence falls under the buyer department budget OR falls under the strategy and planning budget.

GIA Recommendations
1. For stand alone MI functions; Secure a MI budget independent of other business functions. This will ensure that the MI function can somewhat remain at arm's-length distance from these and thereby secure its independency.

2. If MI is integrated into a business process, the owner of the business process should be able to secure funding from various interest groups participating in that particular process.

3. If the MI budget is under-funded, ensure that you focus the MI activities on the most important issues based on the intelligence needs of the most important users and/or user groups. Do not try to cover everything at once. There is a clear link between MI quality and resources.
5.2.4 PERSON RESPONSIBLE

Is MI becoming a business profession requiring a manager to oversee MI activities? Will MI managers consolidate their position in organizations just as IT directors, investor relations managers and communications managers have done? MI is a relatively young field, but there is growing evidence to support that it has a great opportunity to follow in the footsteps of fields such as IT, investor relations and communications.

Study Data

88 percent of the responding companies reported that they had a person responsible for their MI activities. Finland, Germany and Spain rated the lowest in the use of dedicated MI persons (65%, 68% and 80% respectively). All the responding companies that conducted MI activities in Belgium, India, the Netherlands and the UK were able to name a person responsible for MI activities.

More often than not, the title of this person was directly related to intelligence. The most common titles were Director or Manager of Business Intelligence/Market Intelligence. Approximately one fifth of the responding companies appointed a person from the marketing department to oversee MI activities. Their title included either “strategy” or “business development”. There appeared to be little difference between director and manager level positions. Few companies appointed an expert to head MI activities.

GIA Comments

Without one person having overall responsibility for MI it will be difficult to conduct really advanced intelligence activities. There is a huge risk that organizations without such a person will fall into the reactive ad-hoc trap as described earlier.

GIA Recommendations

1. Appoint a person to be responsible for MI activities.

2. Appoint a steering group consisting of senior managers which can provide support and guidance to the MI manager.
5.2.5 EMPLOYEES ALLOCATED TO MARKET INTELLIGENCE

Introduction
The allocation of human resources to the MI program is an issue of great importance. Many MI managers describe themselves as “the lone Intelligence Manager” who does not have a team of colleagues with whom s/he can interact. Other companies report functions which include a central staff unit as well as several global MI networks.

Study Data
On average, responding companies allocated 9 full-time and 6 part-time employees to their MI activities. Although there was considerable variation between the country results, the results for many countries were biased due to a few high number answers. The average values were 4 full-time and 2 part-time employees.

Given the high level of in-house processing, companies allocate surprisingly few employees to their MI activities.

Comparison with the 2005 Study
Compared to the 2005 study the results are largely unchanged. In 2005, the global average full-time employee allocation was 9 and in 2007 this is unchanged. In 2005, companies also allocated 5 part-time employees to their MI activities. This has increased by one in 2007. The corresponding average values for 2005 were 4 (full-time) and 1 (part-time).

It would appear that there has not been any significant increase in the level of MI activity within the companies. Also, given that the level of in-house processing has remained the same, it is not surprising that the level and intensity of MI activities has remained largely the same.
GIA Comments
In an ideal world, we would like for all employees to carry out intelligence activities on a part-time basis.

GIA Recommendations
1. Develop a balanced allocation between centrally located MI experts who focus on MI on a full-time basis and part-time people from different business units who are involved in the core processes of the organization.
2. Consider outsourcing some MI activities instead of developing a high head-count which might get reduced in the next organizational downsizing program.
3. Ensure that the part-time contributors to MI activities have access to intelligence of a good quality in their full-time posts and that they are not what could be perceived as passive receivers of intelligence.
4. Include participation in MI activities in the job description of most employees whose role includes “boundary spanning” activities, i.e. takes parts in activities outside the firm, such as sales, marketing, customer service, etc..

5.2.4 COMPETENCE DEVELOPMENT

Introduction
MI is an inherently complex field. As members of an MI network or users of MI, many non-MI experts are also involved in MI activities. Consequently competence development can be seen as a critical factor in increasing the awareness of MI and the capability to produce intelligence throughout the organization.

Study Data
Overall it seems that companies are fairly satisfied with their MI competence development management given that 44 percent of the responding companies evaluated that their company was doing well in this area. 35 percent of the companies were satisfied whereas only 10 percent rated their MI competence development management as fair. 3 percent of companies gave a rating of poor and 8 percent a rating of excellent.

![Figure 43](image_url)
The country differences were considerable. The most satisfied respondents were to be found in India where 83 percent rated their MI competence development management as ‘good’. Respondents from Brazil, the Netherlands and Spain also reported above-average levels of satisfaction with their competence development management. The least satisfied respondents were to be found in Belgium and the USA.

The companies were also asked to give details on the methods they use for MI competence development. Globally, companies made reference to a wide variety of methods. Examples provided included external conferences and seminars as well as internal training such as courses and workshops. There also appeared to be a significant amount of ‘on-the-job’ training. Companies also seemed to be using the services of external experts such as consultants and lecturers less often.

When asked to provide ideas on how competence development could be improved, the answers varied considerably. Many respondents did however consider the quality of education to be an important development area.

![Figure 44](image)

**Levels of Satisfaction regarding MI Competence Development Management**

Industry Comparison

Overall it seems that respondents from the energy and mining, metals & minerals industries as well as the service sector were most satisfied with their competence development. Respondents from the transport and healthcare industries seemed to be the least satisfied. However the differences between the industries as a whole are only slight and consequently there is no clear rule for any industry being more or less satisfied.
GIA Recommendations

1. Develop an MI competence development program for MI professionals as well as management, sales people and other expert functions. Utilize your HR department for this task.

2. Ensure that competence development focuses both on practical skills as well as broader and more general MI issues.

3. Train your teams in-house by bringing in external MI trainers and workshop facilitators. Doing this will ensure that you work on tasks and cases relevant to your particular business. If you are a lone MI-manager, then you will need to go on an external course.

4. Utilize e-learning concepts to train personnel who may not have significant exposure to MI operations, but who may nonetheless be able to bring in useful knowledge. E-learning can also be used to facilitate MI exams in order to ensure that your organization’s employees understand the fundamentals of MI and will abide by internal procedures and processes when conducting MI.
6. FUTURE OUTLOOK OF MARKET INTELLIGENCE

6.1 DEVELOPMENT OF MARKET INTELLIGENCE INVESTMENTS

Introduction
We have been told that “predictions are hard to make, especially about the future!” Nonetheless, this part of the study will look into how MI is expected to develop in the future.

Study Data
Overall, it seems that MI investments will increase in the future as 73 percent of the respondents predicted that their investments levels would increase either significantly (22%) or moderately (51%). Less than two percent of respondents predicted that their MI investments would decrease over the next five years while the remaining respondents (25%) stated that their investment levels would remain the same.

The projected investment levels varied considerably across the markets. Respondents from the Netherlands, the USA and Belgium clearly rated their investment forecasts more moderately than their global rivals. Brazil, India and Spain on the other hand expected the most growth in their MI investments.

However, the differences are only slight and MI investment levels are set to increase in all countries.

Comparison with the 2005 Study
The level of projected investments for the next five years appears to be very much the same in 2007 as it was in 2005. It would seem that over these two years, some of these investments projected in 2005 have already taken place given that the number of employees has increased in Brazil and Germany. However, the Netherlands and Finland are now allocating less personnel to MI than in 2005.
Industry Comparison

Investment is set to increase across all the industries. Companies responding from the healthcare, manufacturing and retail industries forecast the most growth in their MI activities whilst companies responding from the transport, mining, metals & minerals and financial industries forecast the lowest investments.

However, the differences are only slight and all the industries are clearly expecting growth in their MI investments.
GIA Comments  
In turbulent times the need for intelligence activities is even greater. However, if a turbulent period incurs financial problems on an organization, this may have a negative knock on effect on the MI budget.

GIA Recommendations  
1. Ensure that proper investments are made for future MI activities. Naturally, this is easier said than done. The suggestions below give some indication of how this can be achieved.
2. Tap into projects/business units that have great business opportunities but also great risks. If large sums of money are being provided for business development, a large portion of this money should be earmarked for intelligence activities. A proper risk analysis will identify these projects/units.
3. Link the budget and activities to established business processes. The reason for this has been described earlier in this document.
4. Try to measure the benefits of the intelligence activities. This can be based on success stories, unexpected events that might have been avoided, user surveys and ROI calculations if possible. If this can be achieved, it will be easier to make a request for a budget which is supported by positive historical effects.

6.2 CRITICAL MARKET INTELLIGENCE DEVELOPMENT ISSUES

Introduction  
In order to evolve from a basic intelligence capability, a number of key success factors need to be met. This section will identify the critical development issues that MI programs need to master in order to become really successful.

Study Data  
With 15.2 percent of the responses, the most important MI development issue seems to be the ‘identification of critical information needs’. This was followed very closely by ‘top management commitment’ with 14.2 percent and ‘problems with utilizing internal information’ with 14.1 percent. The ‘effectiveness of information gathering and management’ also seemed to be a major concern with receiving an 11.7 percent share of the responses.
Responses to the ‘most critical’ development issue were largely the same as those received for the overall importance of the different issues. ‘Top management commitment’ was reported as the most important development issue receiving a 19.7 percent share of the responses from the participating companies.

Comparison with the 2005 study
Having decreased by over 10%, ‘identification of critical information needs’ is clearly a much less important issue in 2007 than it was in 2005. On the other hand, the companies responding in 2007 attached greater importance to ‘top management’s commitment’ as this increased by 4%. The importance of ‘measuring the benefits’ and ‘producing marketable products’ had also clearly increased.
It seems that in 2007 companies have fewer problems related to MI information processing, gathering and analysis and more organizational problems than in 2005, although it should be noted that many responses under ‘something else’ were indirectly related to information management.

Industry Comparison
The differences between the industries were considerable as respondents from the healthcare and manufacturing industries clearly seemed to have the most problems with ‘top management’s commitment’. The automotive, mining, metals & minerals and retail industries as well as the service sector seemed to consider the issue of ‘identification of critical information needs’ to be more important than other industries. The ‘effectiveness of information gathering and management’ was also a major problem for the mining, metals & minerals, retail and transport industries.

Respondents from the healthcare industry seemed to have problems measuring the benefits as 22 percent of the companies in this sector responded that this was the most important development issue. 10 percent of the companies in the healthcare industry also responded that ‘schedule’ was an issue. The transport industry appeared to have more budget-related problems than other industries as 10% of the companies in this sector responded that the ‘budget’ was the most important development issue.

The respondents were also asked to identify the most difficult problem to overcome in order to develop a successful future MI activity. Responses identified several dozen problem areas, however, in general terms the main difficulties appeared to be related to the weak position of competitive intelligence in the responding companies; for example problems cited included ‘difficulties in proving the value to the process and the company as a whole’, ‘getting recognition from the top management’ and ‘increasing the level of understanding on MI within whole organizations’. Also, a significant part of the problems were related to information management.

When the respondents were asked to assess what kind of changes are going to take place over the next five years, one common theme which stood out was ‘increasing the importance of competitive intelligence’. Many companies believed that this issue would gain importance due
to the current increase in dynamic markets which in turn has increased the volume and quality of information held in many areas of corporate functions.

Also, a high number of responding companies believed that more coordination and centralization of MI functions within their companies would take place over the next five years. Very few companies made reference to decentralization.

The second most common theme which stood out was the efficiency of MI functions. Few companies mentioned outsourcing dump functions to less-developed countries but many seemed to agree that MI needs to prove its value to organizations as a whole. Also, few companies made reference to further analysis into more focused objectives for MI.

The third most common theme was that MI would be a more integrated part of all corporate functions. Many companies also believed that top management recognition would increase, as well as recognition given by whole organizations. Some companies stated that this would happen due to the increased dependence of MI products.

GIA Comments
MI is a difficult function for an organization to fully utilize since it requires top management commitment, the measurement of results to be carried out at corporate performance level over the long term and it also requires systematic tools and processes that extend across the whole organization and which will enable information to be collected and utilized.

GIA Recommendations
1. Ensure that processes are integrated into important business processes such as strategy, business development and marketing & sales. (For a full review on this topic, please refer to the GIA White Paper No. 1, 2007 “Market Intelligence for Strategy and Planning”).

2. Facilitate MI workshops where management participates as “analysts”, contributing their own input and experience. War Games, scenario workshops and trend seminars are examples of activities where top management can interact with MI professionals and other experts regarding the analysis of the industry future.

3. Initially develop a comprehensive MI program implementation plan. This will ensure that the broad picture is presented and that major goals and stakeholders are identified.

7. CONCLUSIONS

The main research question for this report was “what is the current nature and status of competitive intelligence in major corporations operating in the market in question?” The secondary research questions were “how are the activities organized?”, “how will the scope of current MI activities change in the future?” and “what are the development targets for the MI program?”

The results in different research areas varied considerably between different countries and there is no single way to rank the market under the survey. Each country is therefore evaluated separately with a short projection of future prospects. A synthesis is presented at the end of the conclusions chapter. First of all, however, we will take a look at the common global characteristics of MI.
7.1 FUTURE OF MARKET INTELLIGENCE ACTIVITIES

Companies seem to believe that the importance of MI will grow due to the increasingly dynamic and global nature of markets, which will increase the need for quality information in many organizational functions.

Increased utilization of new IT tools was the most frequently predicted change for the next five years. Companies seem to expect an increase in the utilization of IT tools as well as improved and more sophisticated purposes for these tools. This seemed to be closely related to the need for efficiency in information processing.

Many respondents anticipated that MI would be better integrated into important functions and business processes. Overall, MI activities are also expected to be better organized. Increasing the level of coordination was considered to be a very important factor here. This also seemed to be closely related to efficiency in information management.

Overall, respondents saw an increase in the importance of MI, increasing budgets, more training and deeper and more focused analysis. None of the respondents seemed to expect a decrease in the importance or intensity of MI activity but some said that MI would continue as it is now.

Companies in all markets seem to be increasing their MI activities by investing more in organizational issues and in IT tools. There is also increasing pressure for MI to produce measurable results efficiently. Globalization will clearly act as a driver for MI development as markets are becoming more dynamic and more open to competition. MI needs to prove its position by providing measurable results that improve the organization's competitive advantage.

**Figure 53**
The Future of Market Intelligence

<table>
<thead>
<tr>
<th>DRIVERS</th>
<th>MI IN 5 YEARS</th>
<th>CONSTRAINTS</th>
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<tbody>
<tr>
<td>Increasingly dynamic markets</td>
<td>Investments in sophisticated IT solutions</td>
<td>Information overload</td>
</tr>
<tr>
<td>Globalization</td>
<td>More centralized activities and larger MI organization</td>
<td>Complexity</td>
</tr>
<tr>
<td>Need for efficiency</td>
<td>Greater integration with other functions</td>
<td>Scope of information need</td>
</tr>
<tr>
<td>General need for business information from the external business environment</td>
<td>More MI training and education</td>
<td>Top Management commitment</td>
</tr>
<tr>
<td></td>
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<td>Weak position in organizations</td>
</tr>
</tbody>
</table>
7.2 MARKET INTELLIGENCE WORLDWIDE

MI has established its position worldwide as over 80% of all companies surveyed reported that they conducted systematic MI activities. However, MI is still clearly a new corporate function as the average age of MI activities was barely over 8 years. The young age is also reflected in the ambiguous use of terminology.

Despite the young age of the activity, companies do deploy a wide range of different MI elements in the form of both ad hoc-type MI activities and continuously monitoring their markets. This is clearly targeted at getting information primarily about competitors but also about industry and customers.

Most of the information processing activities are conducted in-house and in centralized units. There also often seems to be a specific person with full or partial responsibility for these activities in a company. The majority of companies are also utilizing IT tools in their MI operations. The purpose of these often seems, however, to be a relatively simple matter of storing and distributing information.

Companies clearly value ‘increased quality of information’ as the most important benefit of MI.

The information produced by MI activities is mainly used by top or middle management in strategic planning or in marketing and sales.

Relative positions of the countries included in the study
The graph below will further illuminate the findings of this study. Relative MI intensity and speed of MI intensity development are the variables used in the graph. Simple comparison of variables on matrix and score calculation has been used to show the relative positions.

![Relative Positions of Industries Regarding MI Intensity and Projected MI Development](image-url)
Companies from India and Brazil show the sign-marks of less developed MI activities with a relatively high level of expected future growth.

Spain and USA show relatively advanced MI intensity with high growth.

The Netherlands, Belgium, Finland and Germany are all advanced when it comes to MI. The future outlook in these countries is expected to show modest growth for the MI activities. Please note that these countries are also showing positive actual figures regarding growth. It is just the relative position that is indicating them falling behind the others.

UK is showing less development and less forecasted growth than the many of the other countries. This was somewhat unexpected. The intelligence industry is relatively mature in the UK and it was expected that this would also be indicated by the experience and activities of the companies interviewed. Further studies with regards to the UK needs to be conducted in order to explain this more thoroughly.

There seems to be a rule that companies from developing economies rate poorly on current status due to the low level of organization and sophistication. It seems also that when the MI activities become mature, the expected future development regarding resources and activities seem to halt.

The county profiles will be briefly elaborated below.

7.3 COUNTRY PROFILES

7.3.1 BELGIUM

The majority of companies deployed MI activities using all MI elements and sophisticated IT tools widely to produce information for top management. However MI has not fully established its position in Belgian corporations as information processing, employee allocation, utilization of tacit knowledge and existence of cost centers were fairly low while reporting layers to the CEO were around the global average.

Belgium, like all the countries surveyed, expects increasing investments in MI. The level of investments was, however, expected to be below the global average.

7.3.2 BRAZIL

The level of utilization and the sophistication of MI activities in Brazil are below the global averages. MI activity seems to have a high level of penetration but the history and level of utilization of different elements were low. The utilization of information was also less targeted to strategic planning or top management. This was further supported by the fact that IT tool utilization and employee allocation were low and the reporting distance to the CEO was long.

MI intensity and sophistication can be expected to increase in Brazil as respondents reported a willingness to invest in MI in general, and competence development was seen as satisfactory.

7.3.3 FINLAND

The penetration of MI activities in Finland is very high and the country has a fairly long MI history. However the utilization of MI elements is around the global average and information processing is carried out in a more decentralized way than the global average. This was further supported by a low level of cost centre allocation and less people with dedicated responsibility for MI activities. The intelligence is also less commonly utilized by top management. However
there is obviously an established MI culture as IT tool utilization and MI employee allocation were clearly above average.

Future MI investments are expected to be modest and MI intensity and sophistication are only expected to increase modestly.

7.3.4 GERMANY

Germany has an established MI culture but like in Finland MI activities are mainly conducted in-house and in a centralized fashion. The role of MI in German organizations was also not very clear. However the level of penetration of MI activities was very high.

As Germany has an established MI culture the expectations in terms of MI investments are moderate at best. MI intensity in Germany is expected to remain at the current level.

7.3.5 INDIA

India has a lot of work to do in establishing an MI culture. Less than 20% of companies reported having an MI culture. Those who were using MI had their MI activities well organized as most conducted the information processing in-house and centralized it.

MI intensity and sophistication are expected to increase significantly in India.

7.3.6 THE NETHERLANDS

The Netherlands is the top MI country in this survey. MI penetration was actually below average but the utilization of MI elements and the sophistication of information processing (utilization of IT tools, centralization) were high and top management and strategic planning were clearly the primary customers of MI activities. The existence of a cost center and a person specifically responsible for MI activities were strong along with employee allocation.

Future investments are expected to follow the global averages.

7.3.7 SPAIN

Spain also currently has above average MI intensity. The penetration of MI activity was below average but MI utilization, sophistication and organizations were above average.

Surprisingly there seems to be a markedly above average increase in MI intensity for the upcoming years as most of the interviewees expected MI-related investments to grow in the future along with a good level of MI competence development.

7.3.8 UNITED KINGDOM

Somewhat surprisingly, the UK is not one of the top countries in terms of MI. Its MI history and penetration are below the global averages. MI utilization and the level of MI sophistication seemed, however, to be higher than average.

UK respondents also forecasted growth below the global average for their MI investments. It is therefore proposed that in the UK the level of MI intensity will remain largely the same.
7.3.9 USA

The USA has a long history regarding MI activities along with a high level of utilization of MI elements. However, the level of sophistication seems to be remaining around the global average. It is claimed that the current level of MI intensity represents the global average.

Future MI development in the USA is expected to be above the global average but the MI-related investments are expected to follow global trends.

7.4 RELATIVE POSITION OF THE INDUSTRIES INCLUDED IN THE STUDY

The automotive sector ranked first in this global industry comparison, with a high MI intensity and average projected future MI development.

ICT, transport and mining metals and minerals sectors were also showing an above average regarding MI intensity, but below average concerning future expected MI development.

Companies from the healthcare- and finance sectors showed below average scores regarding MI intensity. This is somewhat surprising since the companies in these sectors, according to other studies, have a reputation of conducting MI activities. This global study provided, however, a different picture. The projected MI development was, however, higher than average for these industries.

The energy industry is the industry which will invest most heavily in future MI development.
7.5 MARKET INTELLIGENCE PROFILES

Automotive
The automotive industry is a forerunner regarding MI activities. The respondents from this industry indicated a long history and high level of MI penetration. Sophisticated tools were used and the level of utilization of MI was high. This results in a high level of MI intensity and sophistication. Future investments followed the global trend.

Energy
The energy industry has a short MI history. This is probably due to protectionism and government monopolies in the past, which has reduced the need for MI. The utilization of MI and organization scored around average. MI is clearly just coming into the industry. MI intensity and sophistication is to increase significantly.

Finance
The Finance industry has an established MI activity and culture. The level of sophistication is, however, below the global average. This results in a moderate MI intensity. Future development is expected to follow global trends.

Healthcare
In this study, healthcare was well below average concerning the penetration of MI activities. It also scored below average regarding the number of years in which companies have conducted MI activities. The sophistication was also below global average. This results in a relative position that is below average regarding MI intensity. Future development was nevertheless above global average.

ICT
The responses from the ICT industry indicated a relatively short history of MI activities with a moderate level of penetration. Utilization of MI was average and the industry show above average scores regarding sophistication. Future expected MI intensity was below average.

Manufacturing
The manufacturing industry scored average history and penetration. The replies indicated well organized MI activities. Competence development and investments were above the global average. Future MI intensity is expected to increase above average.

Mining
The current MI intensity is in line with the global average score. Projected investments (MI in general and MI IT) were below average. This results in a moderate future growth regarding MI intensity.

Retail
The respondents from the retail industry were scoring similar to global averages on most issues. The expected MI intensity is however expected to grow significantly.

Service Sector
The sophistication regarding MI activities were below average. The investments were however above average. This results in a MI intensity that currently is in parity with the global average. Future MI intensity is however expected to grow considerably.

Transport
Replies from the transport industry showed that MI has not a long history. The activities seemed, nevertheless, to be well organized. The investments in MI are expected to be moderate. This results in a slow MI intensity increase compared to the global average concerning this issue.
8. FUTURE OUTLOOK

The intention is to repeat the study in 2009 in order to track developments within this field of study. We will aim to increase the number of Asian countries for that study in order to ensure global comparability.

9. GIA WHITE PAPER SERIES

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10. MORE INFORMATION

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You can also contact the GIA Member nearest to you to discuss how you can improve your Market Intelligence capabilities. Contact information can be found in the appendix.

11. GIA COMPANIES CONDUCTING THE 2007 GLOBAL STUDY

The research framework has been developed in cooperation with The Institute of Business Information Management of the Tampere University of Technology (www.tut.fi).
For more information, please visit www.globalintelligence.com or contact the GIA representative closest to you:

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