

Competitive Intelligence from Social Media, Web 2.0, and the Internet

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INTRODUCTION

Competitive Intelligence (CI) is the use of public sources to develop information about the competition, consumers, and market environment (J. Miller & Business Intelligence Braintrust, 2002).

Competitive information is needed to clear decision-making about what products develop, for what customers, at what cost, through which distribution channels, reducing the uncertainty that a new product development always brings with it. CI tools allow the knowledge of competitor's moves and the analysis of trends from the communications exchanged in the networks of individual consumers, making it easy for companies to develop solutions according to their clients and prospects desires.

As an excellent information source, the Internet provides significant opportunities for CI (Sage, 2013). Internet search engines have been widely used to facilitate information search on the Internet (Gomes & Braga, 2001; Taborda & Ferreira, 2002). However, many problems minimize their effective use in CI research (Bedell, 2011; Kahaner, 1997).

Many major companies have formal and well-organized CI units that enable managers to make informed decisions about critical business matters such as investment, marketing, and strategic planning (Prescott & Miller, 2002).

Traditionally, CI relied upon published company reports and other printed information. In recent years, Internet has rapidly become an extremely good source of information about the competitive environment of companies (Hawthorne & Cromity, 2012; Ojala, 2012; Revelli, 2000; Sage, 2013).

Social Media Networks, made possible by Web 2.0, are one of several next generation communications and collaboration tools that include Blogs, Wikis and Social Bookmarking.

Participants worldwide contribute to and collaborate in readily available online discussions, creating new knowledge bases that can become recognized as information sources.

Social media and Web 2.0 tools allow information gathering directly from the source: consumers and competitors. Nowadays these tools make it easy to retrieve primary information that, after filtered and analysed, allows faster decision-making and competitive moves. The goal of this work is to explain how to do it, which tools are available, and the type of data and information that can be collected and extracted from them.

We will start describing CI, Internet and Social Networking tools, and conclude with a few ideas for analyzing Blogs, Wikis and Web sites to identify consumer signals and trends (Canhoto, 2013; Higham, 2010; Kotze, 2013; Rasquilha, 2010; Scott, 2008).

BACKGROUND

CI is the use of public sources to develop information about the competition, consumers, and market environment (Miller & Business Intelligence Braintrust, 2002). CI aims to monitor a firm's external environment for information relevant to its decision-making process (Choo, 2003).

Intelligence activities are based on the intelligence cycle. This involves: 1) Accurately identifying your information needs; 2) Collecting relevant information; 3) Analysing it; 4) Communicating the results to the people who need it; 5) Taking rapid and appropriate action (Besson & Possin, 1996; Martinet & Marti, 1995; Taborda & Ferreira, 2002).

Information about competitors has been a fundamental tool to be prepared and win confrontations since Sun Tzu wrote, in 'The Art of War', "Those who do not know the plan of their enemies are not able to prepare

for negotiations,” what the Venetian Republic used well to maintain its power for more than two centuries. Using a network of ambassadors positioned in the major cities of Europe, collecting information and sending reports to the Venetian Doge, Venice could anticipate and defend its interests abroad to secure its position (Besson & Possin, 1996; Martinet & Marti, 1995).

Internally they relied in a network of more than 10,000 prostitutes trained to extract information from sailors and travellers to know where they have been, where were they going, what products and materials were in their ships, how much did they cost and who wanted to buy them. All the intelligence gathered was then transmitted to a government official. Rothschild, the banker, used trained pigeons to receive information well ahead of its competitors and earned a fortune with that strategy (Lattès, 1992). After the cold war ended, spies were converted in intelligence gatherers, especially in the USA, France, Russia, Germany and the UK, helping their companies winning businesses thanks to the information collected (Fialka, 1997; Guisnel, 1997; Rustmann Jr., 2002; Winkler, 1997).

CI is different from espionage, which implies illegal means of information gathering. CI is restrained to the gathering of public information (Kahaner, 1997; Mordecai, 2013b, 2013c).

One of the main differences between CI and general business information is that CI is of strategic importance to the organization. It is not only the collection of information from a variety of sources, but also the analysis and synthesis of such information, which could help the company decide the course of action to improve its positioning on the market (Choo, 2003).

COMPETITIVE INTELLIGENCE FOR BUSINESS MANAGEMENT

Because of the broad reach and potential of CI, involvement in intelligence activities can provide first-class training for managers and marketers (Miller & Business Intelligence Braintrust, 2002; Prescott & Miller, 2002; Taborda & Ferreira, 2002).

Intelligence must be passed to decision makers in a timely manner, and in a style and format that will encourage them to take appropriate measures and decisions. Intelligence reports and briefings should aim,

above all, for clarity and brevity, and should provide the decision maker with suggestions or recommendations for action (Besson & Possin, 1996; Choo, 2003; Garber, 2001; Martinet & Marti, 1995).

A typical CI process consists of a series of business activities that involve identifying, gathering, developing, analyzing and disseminating information (Taborda & Ferreira, 2002).

Every competitor broadcasts a large amount of data to you in their advertising and their product itself. Every feature that they have in their products and every special technique that's part of their service is data you can use. (Mordecai, 2013c)

The following list shows a typical sequence in which these activities take place: 1) Identify competitors, markets, customers, suppliers, or other variables in the environment to be monitored - identify what information is to be collected; 2) Specifically identify possible sources of information and collect the information from these sources; 3) Evaluate the validity, reliability, and usefulness of the information collected; 4) Gather information collected from different sources and integrate them; 5) Interpret and analyze the information for strategic or tactical significance - draw conclusions and recommend actions; 6) Disseminate and present analyzed findings to management; 7) Respond to *ad hoc* inquiries for decision support (Ribault, Martinet, & Lebidois, 1995).

Information gathering and information analysis are the key areas of the CI process.

INTERNET USE FOR COMPETITIVE INTELLIGENCE

The Internet is currently the most popular medium for gathering information and it has enormous advantages for that function (Russell, 2011; Tsvetovat & Kouznetsov, 2011).

Commercial online databases, such as Dialog® (<http://www.dialog.com>), Factiva® (<https://global.factiva.com>), Profound® (<http://www.profound.com>), ABI/INFORM® (http://www.proquest.com/en-US/catalogs/databases/detail/abi_inform.shtml), Lexis-Nexis® (<http://www.lexisnexis.com>), among others,

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