

# Market Intelligence

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## INTRODUCTION

Market intelligence (MI) concept arises as demands for knowledge in organizations became more critical over time. It is expected, from a strategic point of view, that one organization not only reacts to external factors or phenomena, but also try to lead its sector proposing and executing innovative plans and differential strategic positioning (Boblitz, 2006; Porter, 2008; Mintzberg, Ahlstrand & Lampel, 2009). The concept of market intelligence is defined as a broad, integrated and solution-driven process designed to constantly produce knowledge from data and information for strategic market positioning. It is affirmed as an organizational continuum that aims to answer typical decision problems faced by firms when competing in actual business environments (Van Kesteren, 2012; Jamil *et al.*, 2012).

This article aims to detail MI concept, working from theoretical point of view through literature and adding practical exercise on studying real cases of market intelligence potential applications. As its main contribution, the present work contributes for studies of areas such as information technology, computing and information science, strategic marketing planning, information systems, knowledge management and competitive intelligence which can insert MI in its discussions and analysis.

## BACKGROUND

Strategic planning and execution are two main contexts where market intelligence is definitely relevant for critical decisions, motivating the following evaluation as the start of this theoretical work.

## Strategic Decision Scenarios and Its Demands for Continuous Knowledge

Strategy formulation and execution are knowledge-dependent tasks, demanding for its continuity reliable and updated knowledge availability (Jamil *et al.*, 2012; Johnson, 2012; Dimitrios, Sakas & Vlachos, 2013).

Strategic marketing decisions are the objective of the MI process, as the knowledge provision aims to solve problems, allowing decisions with clearer risk delimitations and implementation results with better customer aggregated value perspectives, attending to the basic organizational marketing demands (Kotler & Keller, 2005; Schiffman & Kanuk, 2010; Ferrel & Hartline, 2010; De Man, 2012). Typical decisions of strategic marketing processes that can benefit from market intelligence process are: product line configuration and distribution, pricing, advertising and general communication, differentiation as a value-based strategy and marketing channel analysis. As examples of knowledge needed in usual marketing decisions it can be perceived: consumer behavior details, demographic perspectives and constraints, customer reaction to distribution forms and communication, distribution channels performance and financial performance for all productive chain components.

## Data, Information, and Knowledge

These basic concepts have been profoundly debated by scholars and practitioners of various areas. Here it is presented a particular, referenced and coherent relationship that offers possibility to define and understand market intelligence process as it was previously stated.

Davenport & Prusak (2000), Tuomi (2000) and Lucas Jr. (2005) defined not only the concepts of data, information and knowledge but also its relationship and

integrated application views. Data is be considered as an absolute value, as it can be obtained directly from a measurement or collected from an automated source. It shows flexibility to communicate, as it can be easily processed by automated instruments and machinery, but lacks more profound meaning, as it is almost impossible to deduce more from the context or process it was created, being just an instantaneous observation of a reality. From these and other authors, information is conceptualized as a collection of correlated data added with context, providing a better condition for deciding, but offering more complexity to be treated or processed. Information increases decision capabilities, but demands additional work to be finally applied.

Finally, knowledge is considered to be composed through collection of information, including descriptions of the processes which produced that information. Knowledge allows maximum decision capabilities, for example, enabling even prediction capabilities (Davenport, 2000; Jamil, 2005; Nonaka, 2008). But on the other hand, knowledge is difficult to manage, communicate, questionable to be stored and critical to be shared, resulting in the need of a specific process to treat it, defined as knowledge management (Jamil, 2001; El-Bashir, Collier & Sutton, 2011). This fundamental area of conceptual relationship is being significantly treated, as the “big data” phenomenon is increasingly perceived by entrepreneurs and socio-political actors, calling additional attention to the process of “knowledge generated from data” which proves how important is to observe data, information and knowledge in an organizational context for decisions such as strategic marketing planning (Ohata & Kumar, 2012; Park, Huh, Oh & Han, 2012).

Finally, process can be understood as a complex task which can be integrally or partially managed, showing clear division and relationship among its internal phases, specifying in objective ways when one starts and ends and what are the internal and final results expected to be produced (Jeston & Nellis, 2007).

## Market Intelligence

Derived from many areas, intelligence is another concept that motivated various studies and expressive debate. It is opportune, though, to evaluate contributions from other scientific fields and also applied practice to improve market intelligence comprehension and its relationship to other academic or commercial themes,

considering the focus of business strategic marketing decisions.

Initially, competitive intelligence (CI) is a process which offers an opportune complementarity to market intelligence, although it is possible to find some confusion and lack of delimitation in some approaches of these two concepts. SCIP (2012) defines competitive intelligence as “A process of monitoring the competitive environment and analyzing the findings in the context of internal issues, for the purpose of decision support” (SCIP, 2012).

Kahaner (1998) and Miller (2002) defined it as a continuous process related to strategic problems solution, so configuring an organizational continuum that has the goal to provide better decision support specifically for higher executive levels in any organization. It is important to notice that as a process primarily designed to produce knowledge from external environment interpretation, CI offers an objective response to a very precise problem, usually proposed in a formulation or revision of a strategic plan. It is so a managed cycle which is ignited by a strategic problem, held in order to provide a punctual, detailed, precise and objective to that problem (Makadok & Barney, 2001).

Market intelligence, on its way, composes internal, sectorial (external, but correlated by internal organizational configurations) and external sources to produce specific, focused knowledge to marketing processes and decision making guided to implement aggregated value positioning (Jamil *et al.*, 2012; De Man, 2012). Finally, the convergence of strategic results of both processes – CI for strategic decision, such as those in planning and executing strategies and MI for marketing strategic decisions – also allows to understand how they can be complementary and interrelated, reiterating that market intelligence has a more practical, applicative, “to the market” objective as it is designed to support a connection between organizational strategy formulation and answers provided by strategic marketing decisions (Johnson, 2012).

As another contribution for MI conceptualization, “artificial intelligence” was proposed early as in 1950 decade, as an academic subject, sometimes related to philosophy or, alternatively, understood as a computational engineering support for automated or robotic system. A remarkable work by John McCarty in 1956, in a conference at Dartmouth College launched the concept for the first discussion. It turned out to be a provocative area that motivated computing, mathematic, physics

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