

Competitive Intelligence Practices in Microenterprises and SMEs from the Industrial Sector: the Case of Basque Country

Aldasoro J C¹, Cantonnet M L², Cilleruelo E³

Abstract We are finding ourselves in an increasingly competitive business environment that is characterised by a shortening of life cycles for products and technologies and the globalisation of markets. Within this context, continuous innovation and knowledge have become the most important strategy and resource for the survival of organisations. The aim of this article is to show the results obtained from a survey we have carried out on competitive intelligence practices in microenterprises and SMEs from the industrial sector in the Basque Country. The results clearly show that competitive intelligence is a practice that is gaining importance among these types of enterprise.

Keywords: Competitive Intelligence, SME, Microenterprise, Industrial Sector

1 An Increasingly Changing and Competitive Environment: the *New Economy*

Technical advances have made the continual entry onto the market of new products possible, which in turn has meant that the life cycle of these products has shortened, thus making previous ones obsolete very quickly (Escorsa P. and Valls

¹ Juan Carlos Aldasoro Alustiza (✉ e-mail: juancarlos.aldasoro@ehu.es)
Management Dpt. Polytechnical College of San Sebastian. University of Basque Country UPV/EHU. Plaza de Europa, 1; 20018 Donostia-San Sebastián. Spain.

² María Luisa Cantonnet Jordi. (✉ e-mail: marialuisa.cantonnet@ehu.es).
Management Dpt. Polytechnical College of San Sebastian. University of Basque Country UPV/EHU. Plaza de Europa, 1; 20018 Donostia-San Sebastián. Spain.

³ Ernesto Cilleruelo Carrasco. (✉ e-mail: ernesto.cilleruelo@ehu.es).
Management Dpt. Faculty of Engineering of Bilbao. University of Basque Country UPV/EHU. c/ Alameda Urquijo s/n, 48013 Bilbao. Spain

P., 1997). In view of this situation, which is characterised by continuous innovation and products entering the market to compete, firms can be surprised at any time by the appearance of new products, new technologies, new competitors or changes in customer tastes that may threaten their smooth running (Escorsa P., 2003).

The mass dissemination of information and communication technologies has led to a new situation that is referred to as the *New Economy*, which leaves industrial society behind. This *New Economy* is characterised by the globalisation of markets, a greater supply of products than demand, increasingly demanding customers and continuous innovation as a source of competitive advantage (Escorsa R. and Maspons R, 2001).

Within this genuinely competitive and open new context, enterprises that opt for an optimization strategy in management and production, a reduction in costs and an increase in quality are not necessarily more competitive, as both products and technologies can be quickly imitated. Consequently, continuous re-invention of the business model becomes a requirement in order to achieve competitiveness. The milieu has become turbulent and complex – permanent innovation is now the main source of competitive advantage. Thus, the ability to identify new markets and new requirements that need to be met becomes a more important competitive advantage than company size, available resources or the history of the organisation (Gómez A. and Calvo J.L.; 2010).

Some authors think competitive intelligence (hereinafter referred to as CI) helps strategists understand those forces that influence the business environment and thus make it possible to develop suitable plans so as to successfully compete (McGonagle and Vella, 2002). The most common benefit (Bose, R., 2008) provided by CI is the ability to design information profiles that help the enterprise identify competitors' strengths, weaknesses, strategies, objectives, market positioning and behavioural patterns. Such information profiles require data in for firms to identify, classify and keep up with competitors. The organisation may establish comparative aspects such as strengths and weaknesses in relation to its competitors using these profiles.

2 Competitive Intelligence and its Implementation in Organisations

There are many definitions of the concept of competitive intelligence, and it may be described as "the use of the entire organisation and its networks to develop useable resources originating from within the milieu (customers, competitors, legislators, technology) that help the enterprise develop and sustain a competitive advantage. This process is applied systematically and ethically in planning, the

gathering of information, analysis, communication and management" (Calof 2008).

Different studies of an empirical nature show that most enterprises in Spain do not carry out competitive intelligence activities systematically, as the results reflect the fact that three quarters of them view the competitive environment either informally or sporadically (Postigo J., 2001). A study carried out by Cetisme (a consortium comprising several public administrative bodies and private companies) in 2003 shows that a large number of European and Spanish enterprises have the necessary guidelines at their disposal to gather strategic information, yet fail to do so systematically. SMEs have greater difficulties in defining CI programmes and, the smaller the enterprise, the more its CI activity will be limited. Many SMEs resort to buying products from competitors and try to obtain information from the sales team. The Internet is the source used most by small-sized firms (Tena J. y Comai A., 2005).

There has not so far been information available regarding the number of firms that carry out competitive intelligence activities systematically in Spain. Different studies fail to describe the magnitude of CI practice in detail (Postigo 2001; Cetisme 2003; Tena and Comai 2003), and show that Spanish enterprises are currently in the initiation phase of innovation activity (Tena J. and Comai A., 2004).

3 Design of the Study into the Carrying out of Competitive Intelligence Practices in Industrial Microenterprises and SMEs in the Basque Country

A survey was designed with a view to ascertaining the different types or practices used to implement competitive intelligence activities, and also the main reasons given for carrying them out. Furthermore, an attempt was made to ascertain which organisational and external factors would contribute towards deciding as to their implementation and what checks and balances or impediments there would be that might delay or prevent this. *Competitive intelligence* is understood as referring to a range of analytical techniques and treatment of information that can be applied in order to obtain conclusions that might give value added to decision-making on a tactical and/or strategic level within the organisation.

Table 1 Study population

Study population:	425 organisations
Selection criteria:	- Beneficiaries of grants for innovation over the past 4 years - Belonging to the industrial sector - Microenterprises and SMEs
Geographic area:	The Basque Country (Spain)

The microenterprise and SME classification criterion used by the European Commission was applied in order to classify firms according to the size variable, as established in Recommendation 2003/361/CE (Official Daily L 124, dated 20-05-2003), whereby microenterprises are deemed to be those that have up to 10 employees and SMEs between 11 and 249 employees. As for the sector, firms needed to belong to activities deemed to be industrial according to NACE-09 code (National Standard Classification of Industrial Activities), such as the extractive industry, manufacturing industry, electrical energy and gas supply, water supply, clean-up/drainage activities, management of residue and decontamination, and the building trade.

Table 2: Features of the questionnaire and way of administering it

Type of questionnaire:	Structured, dichotomous scale-type and nominal questions
Sections:	Company features and specific milieu Planning of CI activities in the company CI activities carried out Distribution of CI results Assessment and performance of CI activities
Way in which it is administered:	Self-administered
Field work:	From May to October 2012
Channel used for sending it:	Email (personal and/or corporate)

The questionnaire brought together 124 items or questions, in whose sections an attempt was made to obtain information about company features (size, main activity, market on which they focus and position on the market), and also their specific milieu (intensity of competition on the market, market share). In the *Planning* section, the aim was to ascertain whether the activities carried out are planned by some managerial body, whether the enterprise has established a formal procedure and whether there is staff specialising in intelligence-based activities. In the *Activities* section, an attempt was made to establish what type of information the enterprise seeks, the sources of information, the type of analysis and treatment of information, and the techniques used to do so. In the *Distribution* section, the aim was to find out to which company body the information was sent once the information had been analysed and in which format. Lastly, in the *Assessment and Performance* section, the questionnaire tried to ascertain whether the intelligence-based activities carried out have helped improve the organisation and whether their effectiveness and efficiency are assessed.

The questionnaires received were treated in accordance with the criterion that the survey needed to have 100% of questions from all sections completed, with those that had not met this requirement therefore being rejected.

3 Results Obtained

The enterprises taking part in the research work give the following reasons for carrying out competitive intelligence activities:

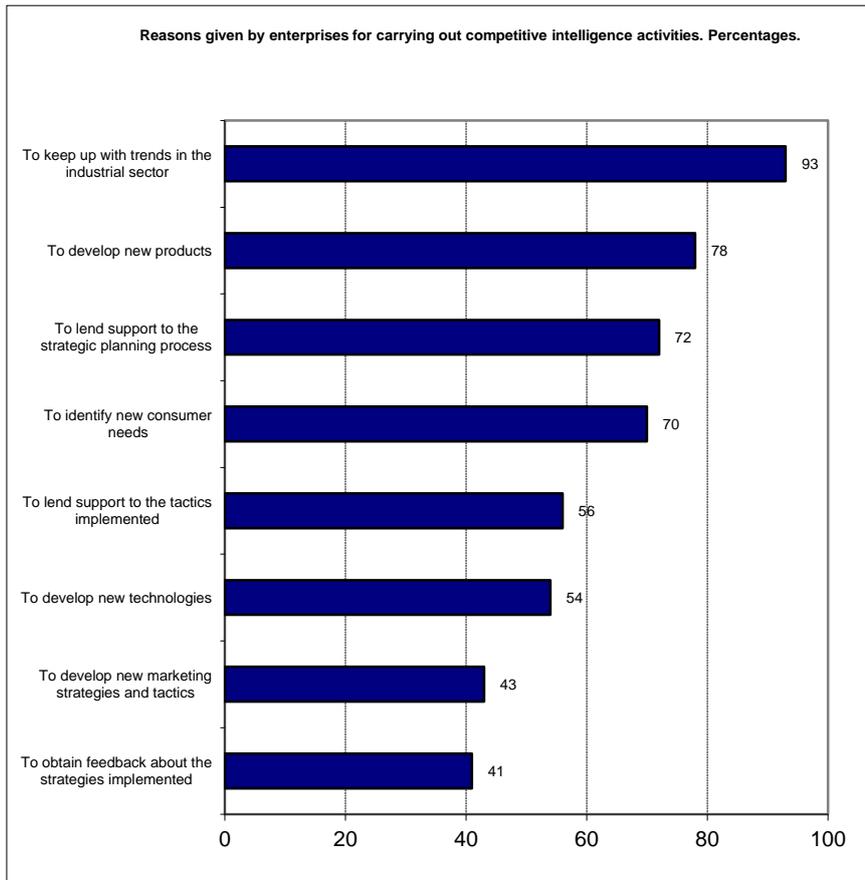


Fig. 1 Reasons given by enterprises for carrying out competitive intelligence activities

Figure 1 shows that most enterprises stress the fact that the main reason for carrying out competitive intelligence activities is to be able to keep up with trends in the industrial sector (93%), followed by being able to develop new products (78%) and lending support to the strategic planning process (72% of enterprises).

In addition, the most used sources of information are mainly news in the press and magazines attached to the sector, Internet search engines, visits to trade fairs and competitions and company websites. The sources of information that prove

most difficult to access or use, such as data bases of patents and scientific journals, are used by less than 50% of the enterprises consulted, as shown in the following table.

Table 3 Sources of information used by enterprises

Sources of information used:	Percentages
News in the press and magazines attached to the sector	96
Internet search engines	96
Visits to trade fairs and competitions	93
Company websites and/or news groups	89
Official bulletins	52
Data bases of patents	48
Purchase and analysis of competitors' products	46
Data bases from scientific journals	33
Complaints and claims filed via Consumer Protection Offices	9

The results in terms of activities are reflected in the figure 2.

In figure 2 it can be seen that the analytical activities used in over 50% of cases were: research into competitor technology and market research in 65% of cases, a study of competitors' profile in 59% of cases and a SWOT analysis in 57% of cases. The least used techniques (less than 20%) were war games or simulation, analysis of employee profile in competing firms and analysis of Porter's Five Forces.

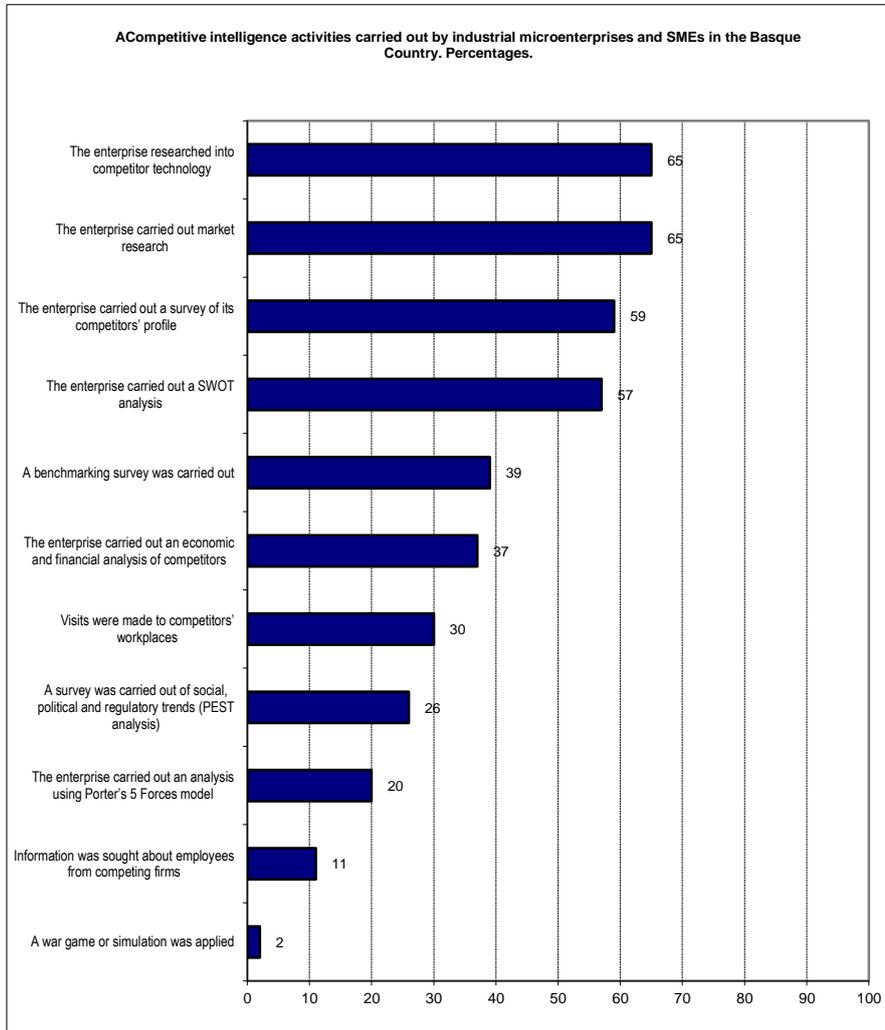


Fig. 2 Competitive intelligence activities carried out by industrial microenterprises and SMEs in the Basque Country

4 Conclusions

The results show that enterprises evidence a relatively high degree of interest in obtaining information both from variables that affect both their general and specific milieu. However, the sources of information they use are low-level resources in terms of cost and sophistication, which have certain limitations when analysing

the milieu in depth. The gap existing between the information they seek and its subsequent analysis should also be mentioned, as they do not treat the information with the same frequency.

Consequently, the conclusion can be drawn that industrial microenterprises and SMEs in the Basque Country can still be found to be in an initial, developing phase with regard to the competitive intelligence system, which is why it can be stated that this coincides with studies carried out by some institutions and authors (Tena J. and Comai A., 2004; Cetisme 2003).

5 References

- Bose, R. (2008). Competitive intelligence process and tools for intelligence analysis. *Industrial Management & Data Systems*, vol. 108, n° 4, pp. 510-528).
- Calof, J.L. (2008). Selling competitive intelligence. *Competitive Intelligence Magazine*, vol. 11, n° 1, pp. 39-42.
- CETISME (2003). *Inteligencia Económica y Tecnológica: guía para principiantes y profesionales*. Innovación, Desarrollo y Transferencia de Tecnología, S.A. Comunidad de Madrid.
- Escorsa P., (2003). La región y el fomento a la innovación y la competitividad: experiencias en España y Europa en la construcción de sistemas regionales de innovación. *Workshop on Science, Technology and Globalisation*. Organización de Estados Iberoamericanos OEI.
- Escorsa P. y Maspons R.; (2001). *De la vigilancia tecnológica a la inteligencia competitiva*. Ed. Prentice Hall.
- Escorsa P. y Valls J. (1997). *Tecnología e innovación en la empresa: Dirección y gestión*. Ediciones UPC.
- Gómez A. y Calvo J.L. (2010). *La innovación: factor clave del éxito empresarial*. RA-MA Editorial. Madrid.
- McGonagle, J.J. Jr. y Vella, C.M. (2002). A case for competitive intelligence. *Information Management Journal*, vol. 36, n° 4, pp. 35-40.
- Postigo J. (2001). La inteligencia competitiva en España: una encuesta sobre su utilización por parte de las empresas exportadoras. *El profesional de la información*, vol. 10, n° 10, octubre.
- Tena, J. and A. Comai. (2003). Cómo la inteligencia competitiva apoya a la innovación. *Puzzle – Revista Hispana de la Inteligencia Competitiva* vol 2, n° 8: 14-18.
- Tena J. y Comai A. (2004). *La Inteligencia Competitiva en las Mejores Prácticas Españolas*. EMECOM Consultores S.L.
- Tena J. y Comai A., (2005). El desarrollo de la inteligencia competitiva en España: un recorrido bibliográfico. *Revista Hispana de inteligencia Competitiva*. Vol. 4, No. 16.