

Need competitive information? Just call in the CIA (Competitive Intelligence Audit)

Just like a general needs reconnaissance before engaging enemy troops, your marketing "battle plan" will be much more effective if you know how much firepower your competitors have, and where they're aiming it.

Fortunately, no one has to sneak behind enemy lines to get this kind of intelligence. It's readily available and you can use the information to construct competitive budget models and analyze marcom effectiveness.

While there are many ways to conduct a Competitive Intelligence Audit, here's an approach that works consistently.

Establish the battleground -

Identify the competitor(s) and market(s). As an example, we'll target Acme Robots and say their priorities are the automotive and packaging industries.

Enlist help from publishers - We contact the trade publications serving these markets and ask them how many ads Acme ran last year, and what size and color. From this information and a rate card, we can compute a space budget.

If Acme ran one-page, four-color ads six times each in two publications, three times in a third, and twice in a fourth, their total might be \$150,000.

We also ask for tearsheets of the ads, so we can analyze content and creativity and see how many different ads were used.

We can multiply the latter—two automotive ads and one for packaging, in Acme's case— by creative/production cost (the 1996 Business Marketing Association average was \$11,685 for a four-color page).

Add \$35,000 (three times \$11,685, rounded) to \$150,000, and Acme's advertising budget is \$185,000. We can not only compare this to our own budget to see who's spending more, but we can use it to extrapolate a total marcom budget.

Since an average of 27 percent of a company's budget is devoted to business publication advertising, according to CAHNERS Advertising Research (CHILTON Research Services puts it at 36 percent, but we'll be conservative), we can project Acme's total marketing communication budget to be \$555,000.

Include costs for trade shows -

Some industries, like robotics, devote considerable resources to trade shows, and this should be reflected in our budget model to present a more accurate overall picture.

It's easy to do. Just call the trade shows serving your market and ask if your competitor is an exhibitor. If so, get the size of the booth and the show organizer's rate per square foot.

The hypothetical Acme has had a 4,000-square-foot exhibit at the IMTS for years. The current rate is \$25 per square foot, or \$100,000. This year,

Acme has also decided to try the Pack Expo, reserving 2,000 square feet at \$13, or \$26,000.

Space at the two shows adds up to \$126,000. But, since the Center for Exhibition Industry Research (www.ceir.org) shows that space represents just 24 percent of show participation costs (the rest goes for design and construction, shipping, show services, etc.), total show costs are more like \$525,000.

Referring to the CAHNERS figures again, we find that trade shows account for 22 percent of the average marcom budget.

So if we combine trade shows and trade advertising, we have 49 percent from which to project a total budget. In Acme's case, ads and trade shows represent \$1,080,000, so their total budget should be \$2.2 million.

Look beyond the numbers - Budget projects give you an excellent quantitative feel for how your company stacks up against competitors. But numbers can't tell you what messages are being emphasized, or how effectively.

Look closely at each ad your competitor runs. Among other things, ask yourself:

- What's the USP (unique selling proposition)?
- Do the layout and copy effectively present it?

Need competitive information? (continued)

- Are the message and positioning consistent from ad to ad?
- What do their ads do better (or worse) than ours?

Force yourself to be objective. Imagine your counterpart at Acme Robots auditing your company's advertising program. Looking at your program through the eyes of a competitor will give you an entirely new perspective.

Ask key trade publication editors - Since publicity plays an important role in an effective marcom program, a comprehensive audit should include a review of trade press clippings. Then compare the number of mentions and the column inches for you and your competitors.

Again, however, quantitative data may not tell the whole story.

Brewer tries to assess the companies' publicity efforts with brief telephone interviews of key trade editors. For Acme Robots, we'd ask editors which robot manufacturers they talk to regularly and who does the best job of providing what editors need.

Measure inquiry fulfillment - Measure who does the best job of providing what customers and prospects need. Circle competitors' ads—and your own—on reader service cards and track responses.

Compare competitors' fulfillment packages with your own, as well as response time and whether an attempt is made to qualify the inquiries.

For a more complete picture, call everyone's toll-free numbers and visit their websites, too.

Draw your own conclusion - Audits are a simple, cost-effective way to determine competitors' spending levels.

Done well, they provide significant insights into competitors' strategies and the results of those strategies... exactly what you need to make your marcom program more effective.

When you can get all this for less than the cost of a 4-color ad, why go into battle without it?

(The above first appeared in "Metalworking Marketer™," a Modern Machine Shop newsletter, in May, 1999)