



The state of Market Intelligence in 2013: Global MI Survey findings

GIA White Paper, June 2013

The 2013 Global Market Intelligence Survey is the sixth in a series of studies conducted by GIA since 2006 on how companies around the world conduct market intelligence, and how leading companies use market intelligence for better decision making. Today, it is the largest and arguably the most authoritative study on market intelligence in the world.

This paper presents the state of market intelligence in global organizations in 2013, the key success factors and evolving trends in World Class Market Intelligence. The report also highlights some differences between business-to-business (B2B) and business-to-consumer (B2C) companies in the way they conduct market intelligence.

Competitive advantage in a globalized marketplace can be gained or lost by how well a company conducts market intelligence. The findings in this paper are crucial for any company that wishes to benchmark its market intelligence capabilities against its peers and competitors around the world, in order to stay ahead of the curve, in the face of increasing competitive pressures.

Interested in benchmarking your intelligence function against peers and World Class Market Intelligence programs?

Contact GIA for proven solutions and advisory on intelligence programs at:

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EXECUTIVE SUMMARY

The 2013 Global Market Intelligence Survey measures the state of market intelligence in over 880 companies from 21 separate industries and 64 different countries. Over 1,200 decision makers and market intelligence managers responded to the survey, making it the largest study on market intelligence to date.

The analysis is broken into three main sections. The first section highlights the state of market intelligence (MI) in 2013 in terms of the efficiency of and resources dedicated to MI compared to 2011. The second analyzes trends among World Class Market Intelligence functions and the third section investigates key differences between MI programs in B2B and B2C companies.

Key findings: Market intelligence is conducted more efficiently in global companies compared to 2011. 80% say investments in market intelligence have paid off.

- In relative terms, decision-making is 15% more efficient in companies that have a market intelligence function in place, compared to those without.
- Returns on investment (ROI) from market intelligence is becoming more apparent; 80% of all companies say that investments in market intelligence have paid-off, an increase of 2% since 2011.
- The average size of market intelligence teams has been reduced by one person to 12 people since 2011. However, the number of contributors to MI has risen by 15% to 109 people.
- The average MI budget for projects and services has increased 53% to € 1.6 million / \$ 2.1 million since 2011. However, 50% of all companies spend only € 150,000 / \$ 195,000 or less.

Key findings: Companies with World Class Market Intelligence functions are expanding their teams and operate with both centralized (in-house) and outsourced services to better serve needs throughout their organizations.

- Companies with World Class Market Intelligence functions are adopting a two-pronged approach to MI, where a larger central MI team serves top management, while the rest of the organization is served through a greater use of outsourced market intelligence services.
- Companies with World Class Market Intelligence operations have enlarged their central market intelligence teams by 5 people to 18 people on average.
- Companies with World Class MI have increased their use of outsourcing for MI deliverables from 13% to 18% since 2011.
- The proportion of MI deliverables directed towards top management has grown from 38% to 46% in companies with World Class MI.

Key findings: Market intelligence teams in B2B companies are closer to their top management, and operate with 20% of the budgets that B2C companies enjoy

- The average B2B company employs 12 people in market intelligence, 2 people more than in the average B2C company.
- B2B companies serve their top management 5% more often than B2C companies and spend 6% more of their time on ad-hoc market intelligence requests.
- The average B2C company outsources more MI work and operates with four times the MI budget of a typical B2B company (€ 4,2 million vs. € 0.8 million).

Key findings: Industry comparisons show that large budgets are no guarantee for more advanced market intelligence functions or higher ROI

- Market intelligence is most advanced in Media and Entertainment companies but interestingly, that is also where the perceived return on investment (ROI) is the lowest.
- The highest perceived ROI for market intelligence is instead in the Environment and Renewables industry, where budgets are slightly higher.
- Large budgets however, are no guarantee for advanced market intelligence functions. For example, Medical Devices and Healthcare companies spend significantly more on market intelligence every year than companies in other industries, yet their market intelligence programs are the fourth least advanced of all industries in the study.

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In this paper, the term "Market Intelligence" (or "MI") refers to functions and programs in companies and organizations that help them to understand their business environment, compete successfully in it and grow as a result. As a program, Market Intelligence collects information about market players and strategically relevant topics and processes it into insights that support decision-making.

In this paper, the term "Market Intelligence" is used as an overarching term for terms such as competitor analysis, customer insights, technology analysis or strategic analysis. Concepts such as Competitive Intelligence or Market Insight, should be regarded as synonymous with "Market Intelligence" in this report.

1. INTRODUCTION

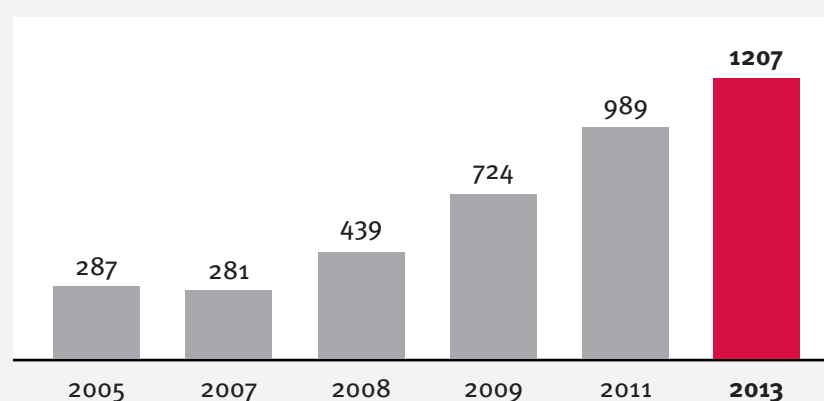
Global Intelligence Alliance began conducting global research studies on market intelligence in 2005 in response to the demand for data that companies could use to benchmark their market intelligence capabilities against other companies in a global marketplace. Many companies began using this analysis to answer questions from top management and their boards about how efficient or advanced their market intelligence functions were, and which areas required improvement and professional advice and input on global best practices they could adopt.

The 2013 Global Market Intelligence Survey from GIA was conducted between February – April 2013 (Exhibit 1). With a total of 1,207 unique responses, it is the largest to date.

The survey questions were kept largely identical to the 2011 edition of the survey to allow for comparisons between the two data sets. As shown in the analysis, the results in 2013 were notably similar to the 2011 results, thus corroborating the data presented in this paper.

While the 2011 survey was groundbreaking in being the first large study to measure the level of sophistication of market intelligence in global companies, the new study takes the analysis one step further. It analyzes not only the level of sophistication, but also the different focus of MI in different types of organizations (B2B and B2C). The paper will also accentuate how those companies with the most sophisticated MI programs (World Class Market Intelligence) have evolved since 2011 in order for them to stay ahead. Furthermore, it also highlights cross-industry comparisons.

Exhibit 1. The number of respondents to the Global Market Intelligence Survey



Source: 2005 - 2013 Global Market Intelligence Surveys, GIA

1.1 How the survey and analysis were conducted

The study was conducted through an online survey in February-April 2013, using both direct invitations as well as open invitations through social media groups related to market intelligence.

All responses were validated by GIA and data that seemed implausible was removed before the analysis. Ultimately, 1,207 unique responses were used for the analysis, representing at least 880* different companies and 21 industries.

The structure of the survey grouped responses into three topics related to market intelligence: i) efficiency of decision-making, ii) structure and resources for MI and iii) maturity of MI function (level of sophistication), which is based on GIA's framework for World Class Market Intelligence (Exhibit 2).

Exhibit 2. GIA Group's Market Intelligence Maturity Index

GIA's Market Intelligence Maturity Index is a metric that indicates how advanced an Intelligence function is through six key parameters: Scope, Process, Deliverables, Tools, Organization and Culture

Description	Informal MI "Firefighters"	Basic MI "Beginners"	Intermediate MI "Coordinators"	Advanced MI "Directors"	World Class MI "Futurists"
Intelligence Scope	No specific focus has been determined. Ad hoc needs drive the scope.	Limited scope, seeking quick wins. Focus typically on competitors or customers only.	Wide scope with the attempt to cover the current operating environment comprehensively.	Analytical deep dives about specific topics complement the comprehensive monitoring of the operating environment.	Broad, deep and future-oriented scope that also covers topics outside of the immediately relevant operating environment.
Intelligence Process	Reactive ad hoc process puts out fires as they emerge. Uncoordinated purchases of information.	Needs analysis made. Establishing info collection from secondary external sources. Little or no analysis involved in the process.	Secondary info sourcing complemented by well established primary info collection and analysis.	Advanced market monitoring and analysis processes established. Targeted communication of output to specific business processes and decision points.	Intelligence process deeply rooted in both global and local levels of the organization. MI fully integrated with key business processes; two-way communication.
Intelligence Deliverables	Ad hoc deliverables quickly put together from scratch.	Regular newsletters and profiles complement ad hoc deliverables.	Systematic market monitoring and analysis reports emerge as new, structured MI output.	Two-way communication is increased in both production and utilization of MI output. Highly analytical deliverables.	High degree of future orientation and collaborative insight creation in producing and delivering the MI output.
Intelligence Tools	Email and shared folders as the primary means for sharing and archiving information.	Corporate intranet is emerging as a central storage for intelligence output.	Web-based MI portal established that provides access to structured MI output. Users receive email alerts about new info in the system.	Sophisticated channeling of both internally and externally produced MI content to the MI portal. Multiple access interfaces to the portal in use.	Seamless integration of the MI portal to other relevant IT tools. Lively collaboration of users through the MI portal.
Intelligence Organization	No resources specifically dedicated to MI. Individuals conducting MI activities on a non-structured basis.	One person appointed as responsible for MI. Increasing coordination of MI work in the company. Loose relationships with external info providers.	A fully dedicated person manages MI and coordinates activities. Centralized, internally or externally resourced info collection and analysis capabilities exist.	Advanced analytical and consultative skills in the intelligence team. MI network with dedicated resources in business units for collecting local market info. Non-core MI activities outsourced.	MI team has reached the status of trusted advisors to management. Internal MI network collaborating actively. Internal MI organization smoothly integrated with the outsourced resources.
Intelligence Culture	No shared understanding exists of the role and benefits of systematic MI operations.	Some awareness exists of MI, but the organizational culture overall is still neutral towards MI.	MI awareness in a moderate level. Sharing of info is encouraged through internal training and marketing of MI.	MI awareness is high and people participate actively in producing MI content. Top management voices its continuous support to MI efforts.	A strong MI mindset is reflected in the way people are curious towards the operating environment and co-create insights about it.

Source: *The Handbook of Market Intelligence; 2011, Hedin, Hirvensalo, Vaarnas (GIA)*

The study also segmented the responses i) by industry, ii) by geography, iii) by annual revenues and iv) by type of business (B2B, B2C or both B2B and B2C).

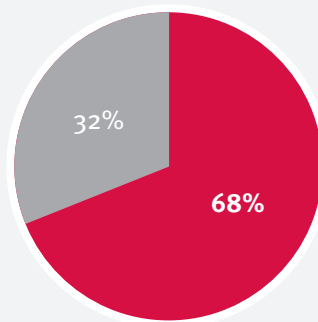
* As the survey was anonymous by default, GIA was only able to distinguish between unique companies if the respondent submitted his/her company's name. The data most likely represents more than 1000 different companies and no single company had more than 12 respondents.

1.2 Respondent data

All in all, 68% of respondents indicated that their organization had a formal market intelligence function in place. This represents a slightly smaller share than in the 2011 survey where 76% of the respondents had a formal MI function in place. However, in terms of actual figures, there were still significantly more companies with an MI function surveyed (820 in 2013 compared to 750 in 2011).

Exhibit 3.
Formal market intelligence function in place?

■ No MI function
■ MI function

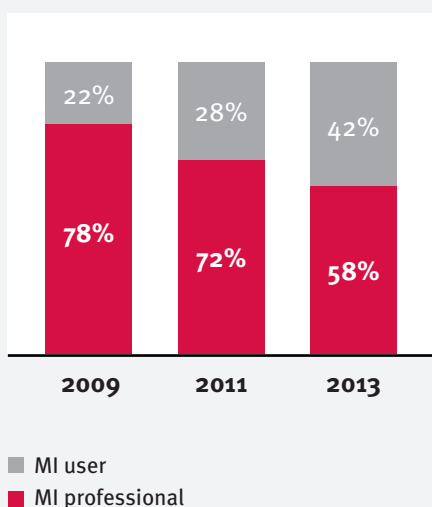


Source: 2013 Global Market Intelligence Survey, GIA

Respondents to the survey were also asked to indicate whether they were Market Intelligence Professionals or Market Intelligence Users (decision-makers). Out of the 1,207 respondents, 58% identified themselves as MI Professionals, which is a smaller proportion than in previous surveys. However, the larger share of MI Users most likely provides a more balanced result on the state of MI in companies, as MI Users are likely to be more objective about the topic.

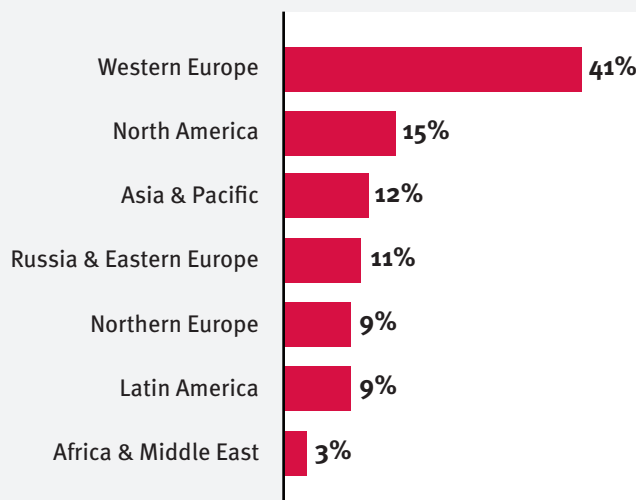
Executives from 64 different countries participated in the survey and a strong majority of respondents represented global companies, making the study truly global in nature. By geographical distribution, respondents based in Europe accounted for over 50% of the responses.

Exhibit 4. Role of respondents



Source: 2009 - 2013 Global Market Intelligence Survey, GIA

Exhibit 5. Respondents by region

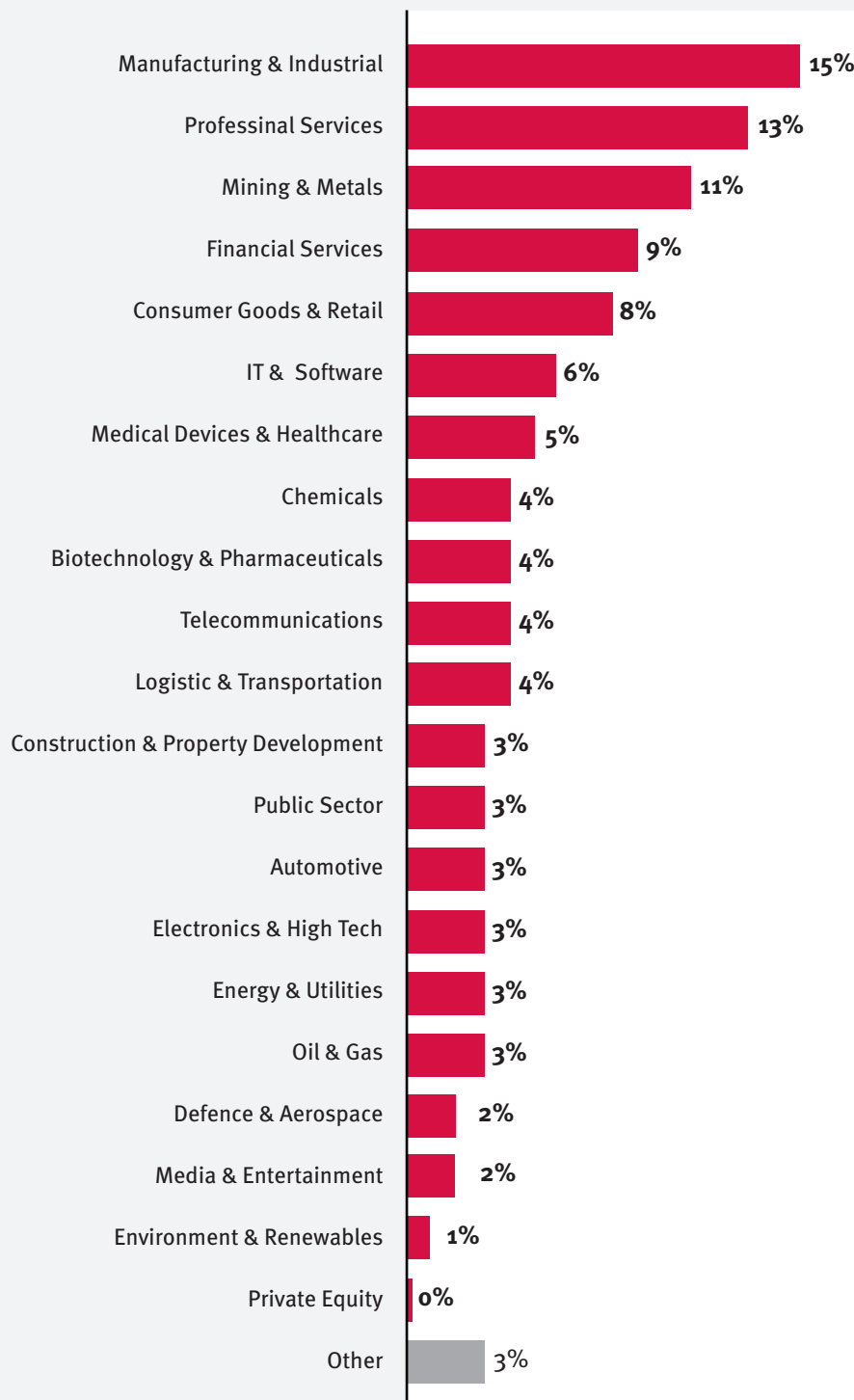


Source: 2013 Global Market Intelligence Survey, GIA

Two additional factors that impact how market intelligence operations in companies are organized are the size of the company (by annual revenues) and which industry the companies operate in.

The manufacturing and industrial sectors were most well-represented in the study with 179 responses (15%), followed by Professional and Financial Services (including Insurance). Overall, 21 different industries were represented in the Survey but the top 10 industries accounted for 71% of the total number of replies.

Exhibit 6. Respondents by industry

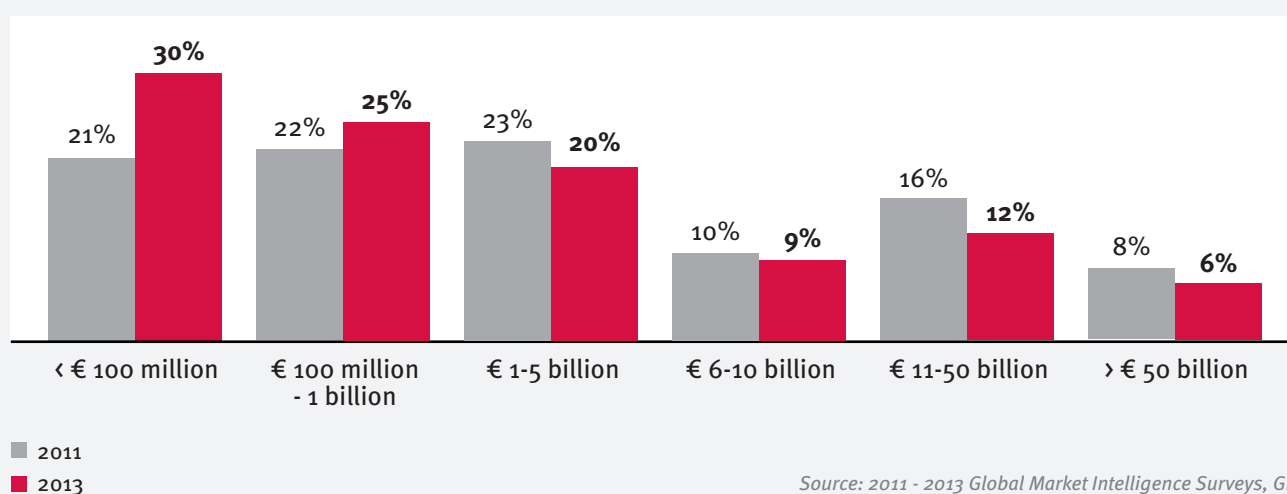


Source: 2013 Global Market Intelligence Survey, GIA

In terms of company sizes, there were a larger proportion of companies in the smallest revenue band in the 2013-study compared to 2011. 30% of the organizations represented in the survey had annual revenues of less than €100 million / \$ 130 million, whereas the equivalent proportion in 2011 was 21%.

When comparing figures to 2011, the higher proportion of smaller companies in the 2013-data should be taken into account. Many of the average figures would have been slightly higher with a lower proportion of companies in the smallest revenue band. However, even when excluding the data from the companies in the smallest revenue bracket, the patterns and trends discovered in this paper are still valid. The large proportion of smaller companies in the study has been shown to have relatively negligible impact.

Exhibit 7. Respondents by company size



2. STATE OF MARKET INTELLIGENCE IN GLOBAL COMPANIES IN 2013

Overall, the results from the 2011-2013 Global Market Intelligence Surveys, GIA were very similar to the results of the 2011-survey. This validates GIA's findings on the state of market intelligence in global companies and strengthens the conclusions drawn from the data.

When comparing the state of market intelligence in 2013 to 2011, the average number for all respondents in the survey is used under the term global average. For some indicators, such as budgets and the size of the market intelligence team, it is also important to look at the distribution of responses as the global average can be misleading when the mean and the median figure differ significantly.

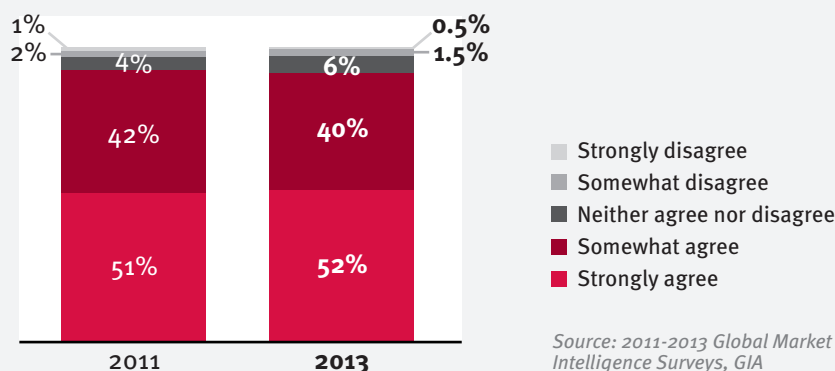
2.1 Benefits and ROI of market intelligence

The Study shows that companies with a formal market intelligence function see clear benefits from it (Exhibit 8) and that the program pays off (Exhibit 9).

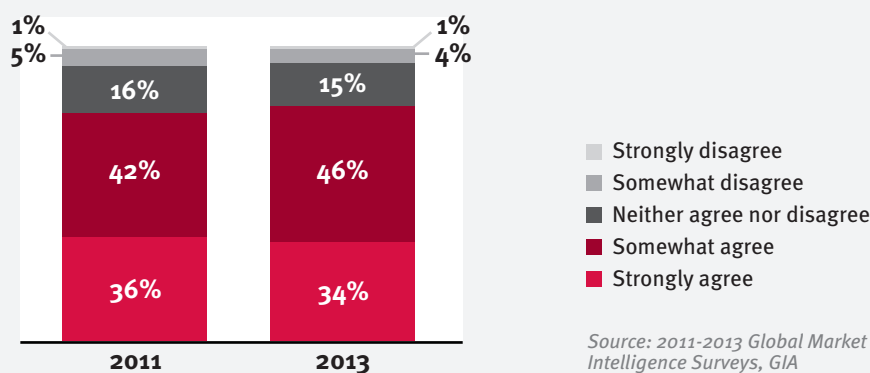
In 2013, 92% of all respondents agreed that their organization has benefited from market intelligence, compared to 93% in 2011. Only 3% of respondents disagreed with the statement that MI has benefited their organization and 6% neither agree nor disagree.

Furthermore, segmenting the answers in relation to MI (not shown in graph), it is also clear that MI Users (decision-makers) see as much benefits as MI Professionals (92% agree in both cases).

Exhibit 8. Our company has benefited from market intelligence



In terms of returns on investments for market intelligence, the proportion of people who agree is slightly smaller, but still represent a convincing majority (Exhibit 9).

Exhibit 9. Our organization's investments in market intelligence have paid off

The proportion of respondents who considered market intelligence to have paid off in 2013 (80%) was very similar to the proportion in 2011 (78%). Notably, only 5% of respondents think that investments have not paid off, as many as in 2011.

In relation to market intelligence, MI Professionals are slightly more optimistic about the ROI for market intelligence (82% agree) compared to decision-makers (not shown in graph). However, 77% of decision-makers still agree that investments have paid off and only 5% disagree with the statement, indicating that budget-holders also see clear benefits of market intelligence.

2.2 Efficiency of decision-making

As an internal support function, the key purpose of market intelligence is to enable people in the organization to make better informed decisions. It is therefore important not only to investigate whether people consider MI to be beneficial or not, but also whether it actually improves decision-making in organizations.

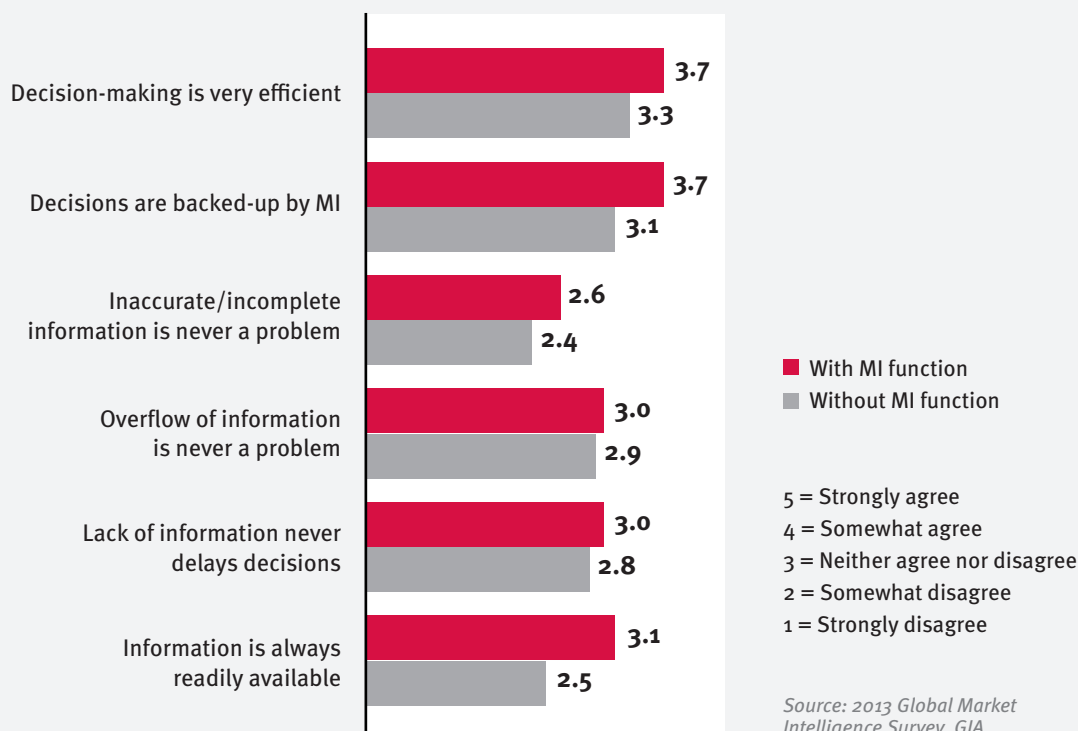
Respondents were asked to answer six questions related to the efficiency of decision-making in their respective companies. By comparing the answers from organizations that have a formal MI function in place to those that do not, an indication as to whether MI supports decision-making positively or not is uncovered (Exhibit 10).

In 2011, the results clearly show that companies that have a formal MI function in place are consistently more efficient than companies that do not. This validates the findings from 2011 and adds to the evidence that having a formal market intelligence function in place supports decision-making positively.

In companies with formal market intelligence in place, decision-making is rated significantly more efficient than for companies without a formal function in place. The most noticeable difference in companies that have MI is that information, to a much greater extent, is readily available when needed.

Inaccurate or incomplete information appears to be a sizeable problem for all companies, including those with a formal MI function. This indicates that the level of analytical capabilities in companies remains somewhat basic and that provision of the right type of intelligence is something many companies are struggling with.

Exhibit 10. Efficiency of decision-making in companies with or without formal market intelligence functions



There are a few potential reasons why inaccuracy or incomplete information causes problems, even in companies that have formal MI in place.

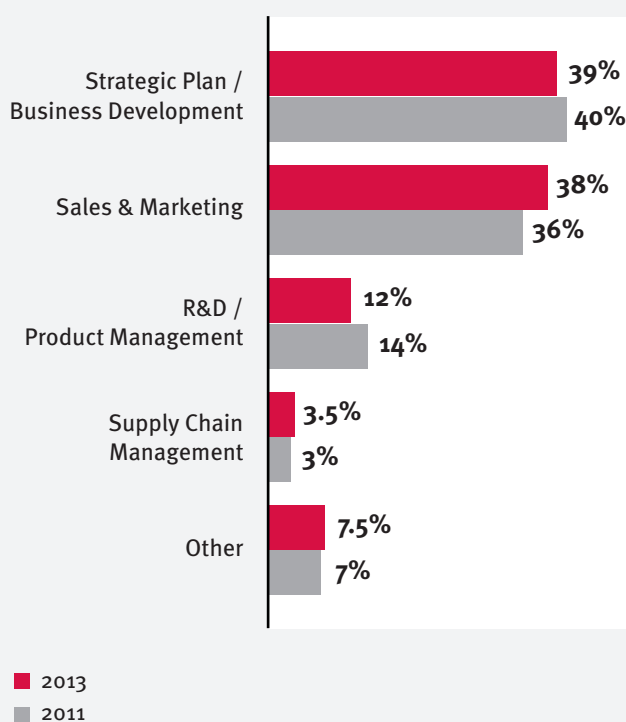
First and foremost, not all relevant information is publically available and thus becomes more difficult to collect. However, another plausible explanation is that intelligence teams often do not know the exact intelligence needs of their internal customers, and decision-makers' needs in particular. This often results in the MI function providing intelligence which is either inaccurate, or incomplete with regards to the needs of the decision-makers.

2.3 Market intelligence set-up and resources

As confirmed in previous Global Market Intelligence Surveys by GIA, market intelligence is most often positioned under the Strategic Planning/ Business Development or Sales & Marketing functions in organizations (77%). Only in 12% of the cases is MI placed under R&D / Product development, which represents a 2% drop since 2011 (Exhibit 11).

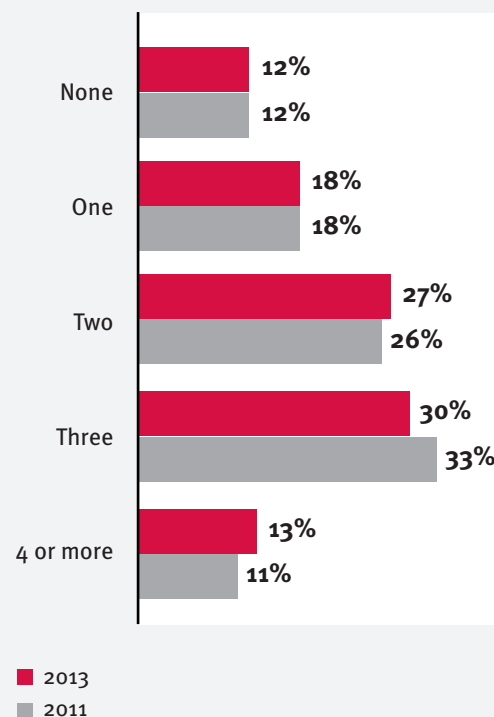
The hierarchical position of the market intelligence function has improved slightly over the last two years, although the results are almost identical on the surface. The Head of Market Intelligence is currently on average 1.9 steps away from the CEO, compared to 2.0 steps in 2011.

Exhibit 11. Placement of Market Intelligence function



Source: 2011-2013 Global Market Intelligence Surveys, GIA

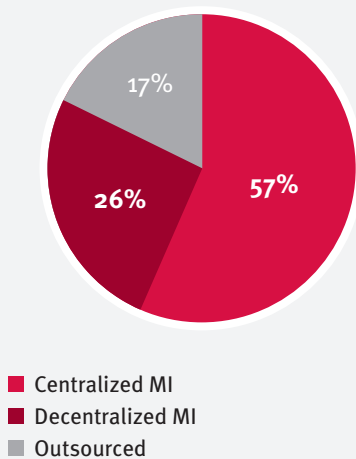
Exhibit 12. How many organizational layers between Head of Market Intelligence and the CEO?



Source: 2011-2013 Global Market Intelligence Surveys, GIA

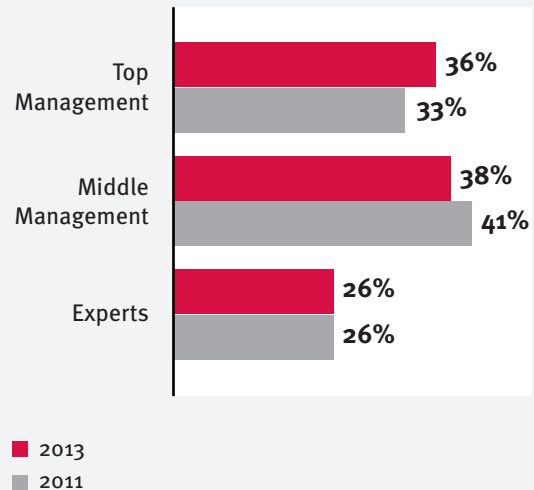
A clear majority of market intelligence work continues to be conducted in a centralized fashion (57%) as opposed to decentralized across different units or regions or being outsourced. One key difference compared to 2011 is that MI teams, to a greater extent, are serving their top management, who now constitutes 36% of the internal client base (Exhibit 14).

Exhibit 13. Distribution of market intelligence work



Source: 2011-2013 Global Market Intelligence Surveys, GIA

Exhibit 14. Internal clients for market intelligence



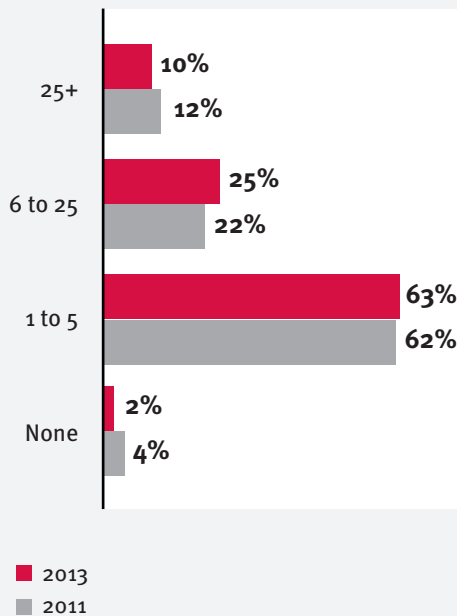
Source: 2011-2013 Global Market Intelligence Surveys, GIA

On average, companies employ 12 people working on market intelligence as their primary job, which is one person less than in 2011. However, when considering the distribution, 63% of all companies have MI teams with only 1-5 people and only 10% of companies have large teams with over 25 people.

The average size of the market intelligence team also depends on the size of the company. Larger companies, by revenue, have more people employed in market intelligence than smaller companies (Exhibit 16).

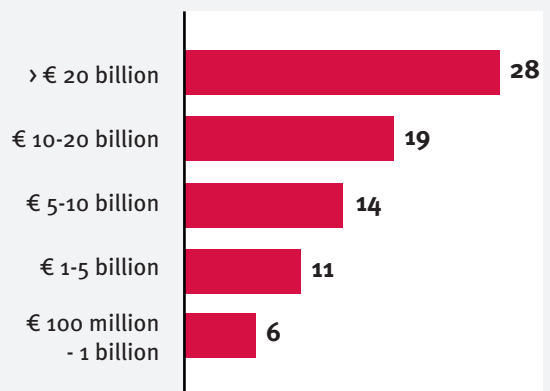
By industry, there are notable differences between the average number of people with market intelligence as their primary job.

Exhibit 15. Number of people in the market intelligence team



Source: 2011 - 2013 Global Market Intelligence Surveys, GIA

Exhibit 16. Average number of people in the market intelligence team (x-axis) by company size (y-axis)

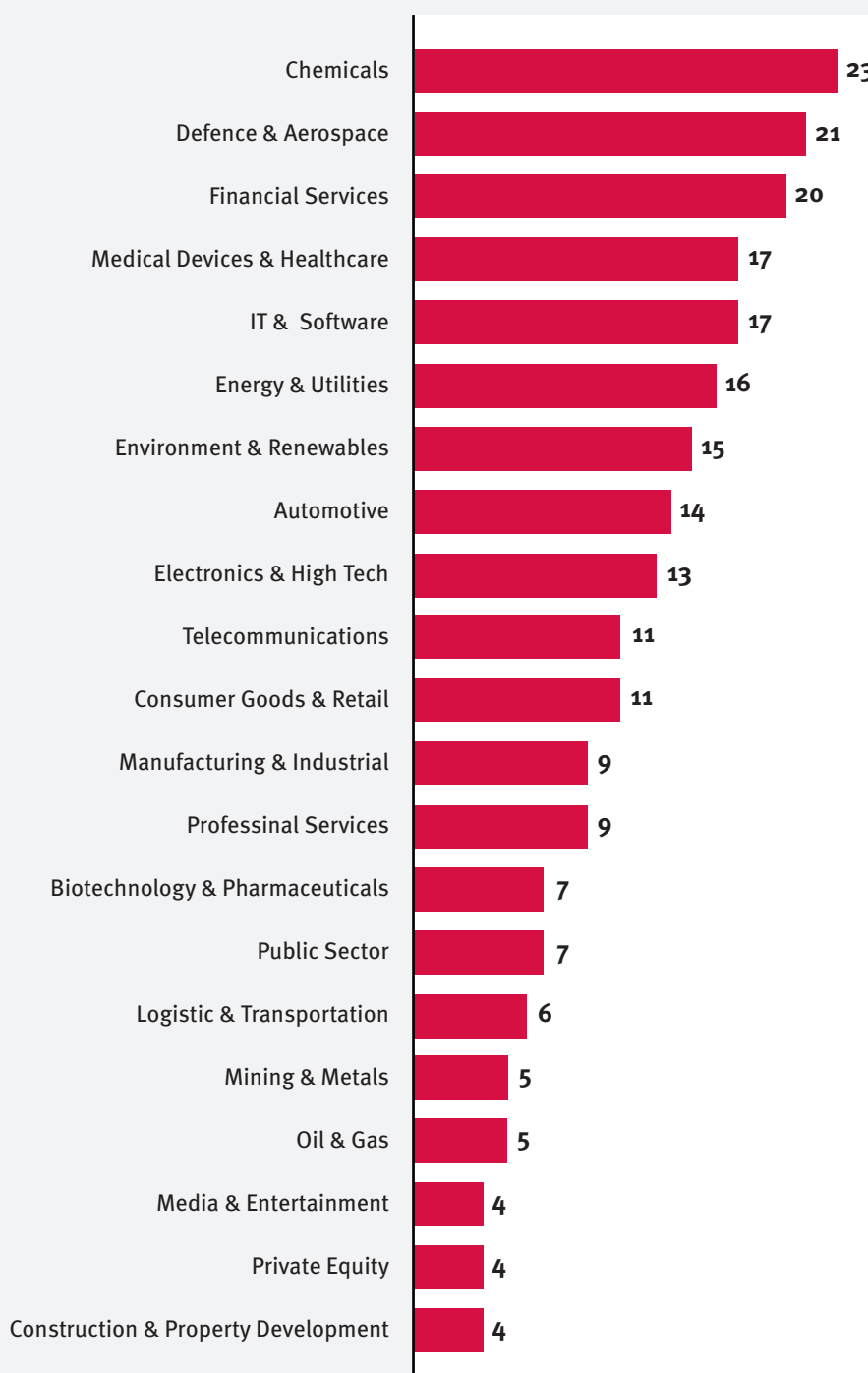


Source: 2013 Global Market Intelligence Survey, GIA

In the Chemicals, Defence & Aerospace and Financial Services industries, there are on average 20 people or more working in market intelligence. In the Media, Private Equity and Construction industries, however, there are only 4 people on average.

The industries with market intelligence teams that are larger than the global general average (12 people) are primarily B2B in nature. B2C companies tend to employ fewer than 12 people, compared to B2B companies. This will be explored further in section 4 of the report.

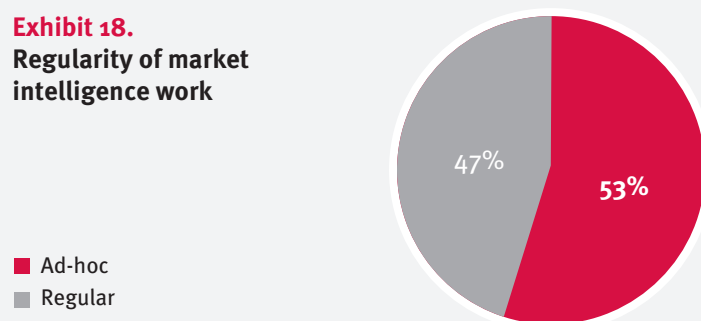
Exhibit 17. Average number of people in the market intelligence team by industry



Source: 2013 Global Market Intelligence Survey, GIA

In the average company, the market intelligence team spends only 47% of their working time on regular deliverables, as opposed to ad-hoc projects and deliverables (Exhibit 18). The figure remains largely similar to 2011, but is to be considered fairly low as a higher proportion of regular deliverables is known to increase efficiency.

Exhibit 18.
Regularity of market intelligence work

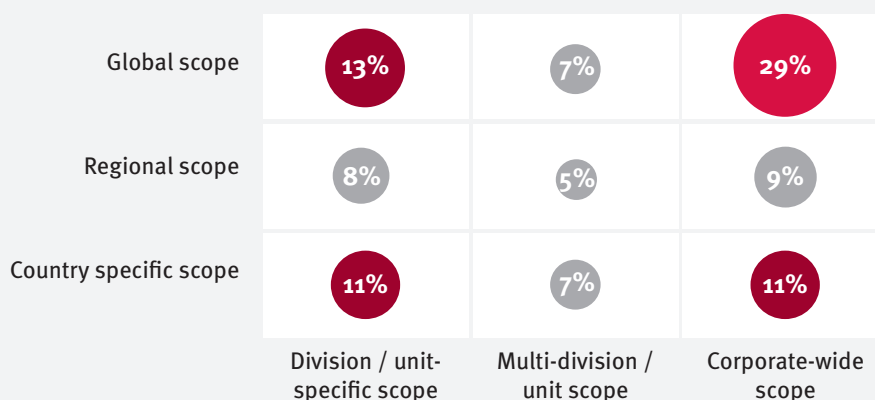


Source: 2013 Global Market Intelligence Survey, GIA

For the first time, GIA investigated the most common scope of Market Intelligence Professionals' job roles in terms of geography and the number of business topics covered. The results show that almost half of all MI Professionals (49%) have global responsibilities, and that 29% of all MI Professionals have a global role with a corporate-wide scope.

The results furthermore indicate that it is uncommon for MI Professionals to have roles that cover a few geographies or a few business units. The scopes of the roles are more often concentrated on either one unit and a specific geography, or all units (corporate-wide) and all geographies (global).

Exhibit 19. Scope of Market Intelligence Professionals' job roles



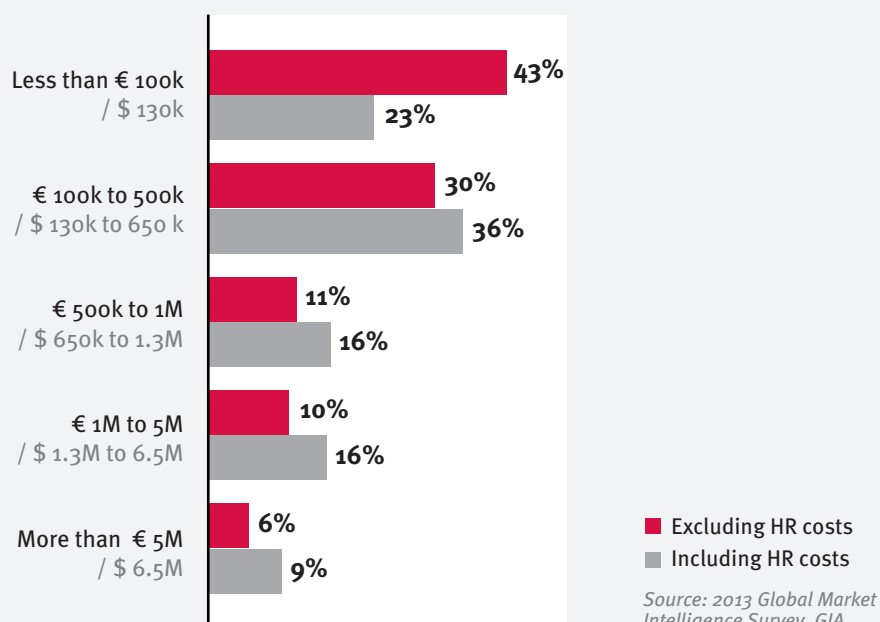
Source: 2013 Global Market Intelligence Survey, GIA

Market intelligence budgets vary significantly depending on the size of the company and the industry the company operates in. Therefore, the average MI budget does not necessarily serve as a good benchmark for all companies.

Respondents were asked to provide their total market intelligence budgets (including salaries and other HR costs) as well as their budgets for market intelligence projects and services (excluding salaries and HR costs). The latter serves as a better figure for comparison as it disregards the number of MI employees in that particular company.

The average MI budget (excl. HR costs) in 2013 was € 1.6 million / \$ 2.1 million (Exhibit 20), which would indicate a 53% increase since the average in 2011. However, the median budget (excl. HR costs) was € 150,000 / \$ 195,000, which is a 25% drop since 2011. Including salaries, the average MI budget was € 2.8 million / \$ 3.6 million, while the median was € 346,000 / \$ 450,000, similar to the median in 2011.

Exhibit 20. Market intelligence budgets



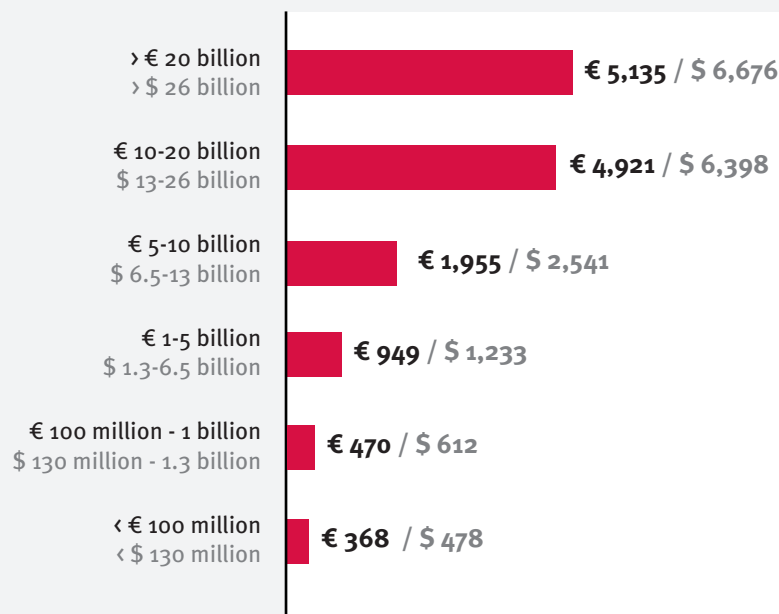
73% of companies in the survey spend no more than € 500,000 / \$ 650,000 every year on projects and services related to market intelligence. Including salaries, 59% of companies spend no more than € 500,000 / \$ 650,000.

However, as explained above, these figures vary significantly and therefore it is more valuable to look at the distribution of budgets by company size and industry, something GIA offers through its Market Intelligence Benchmarking services.

Looking at average budgets by company size (Exhibit 21), it is important to keep in mind that the budgets represent average figures in a fixed revenue group, and do not indicate a correlation between company size and market intelligence budgets.

Companies with less than € 100 million / \$ 130 million in annual revenues, spend on average € 368,000 / \$ 478,000 per year on MI projects and services while companies with over € 20 billion / \$ 26 billion in revenue spend an average of € 5.1 million / \$ 6.7 million a year. It is evident that larger companies have larger market intelligence budgets on average.

Exhibit 21. Average annual market intelligence budgets (excl. HR, thousands) by company size

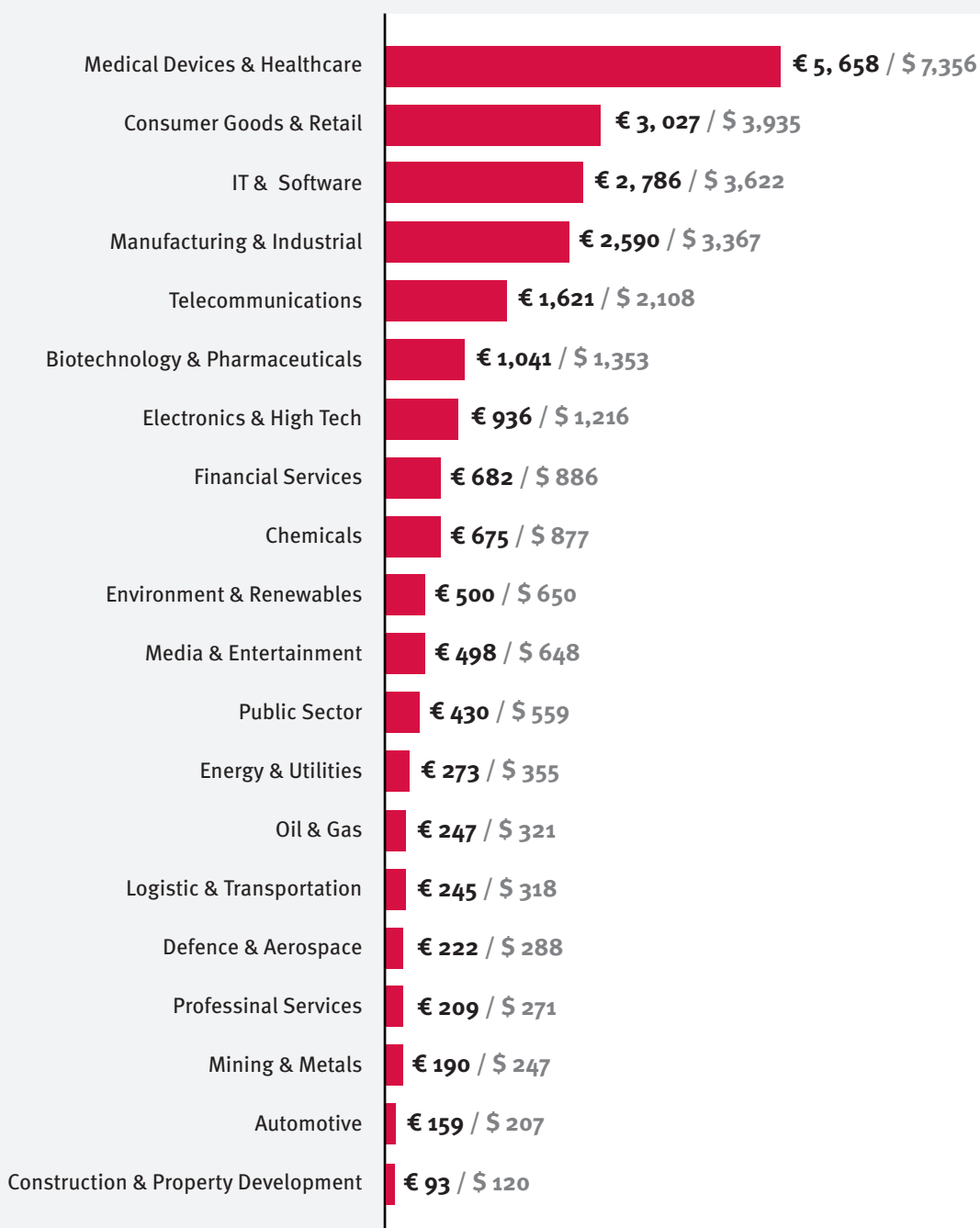


Source: 2013 Global Market Intelligence Survey, GIA

Companies with annual revenues of over € 10 billion / \$ 13 billion spend significantly more on market intelligence than companies in the revenue band of € 5 – 10 billion / \$ 6.5 – 13 billion. The sharp increase is potentially explained by companies centralizing market intelligence purchases to a greater extent when reaching a certain size, whereas purchases are kept on regional or country-level budgets in smaller companies.

Looking at the spending on market intelligence by proportion compared to revenues, smaller companies spend proportionately more on market intelligence than larger companies, although exact figures can not be derived from the revenue bands.

Exhibit 22 below displays average market intelligence budgets (excluding HR costs) in different industries. The order of industries is similar also when including salaries, with the exception of Biotechnology and Pharmaceuticals being the industry with the largest MI budgets (including HR costs).

Exhibit 22. Average annual market intelligence budgets (excl. HR, thousands) by industry

Source: 2013 Global Market Intelligence Survey, GIA

Medical Devices and Healthcare companies spend almost € 6 million a year on market intelligence projects and services. This is almost twice the amount spent in the Consumer Goods and Retail industry, which has the second largest budget by industry.

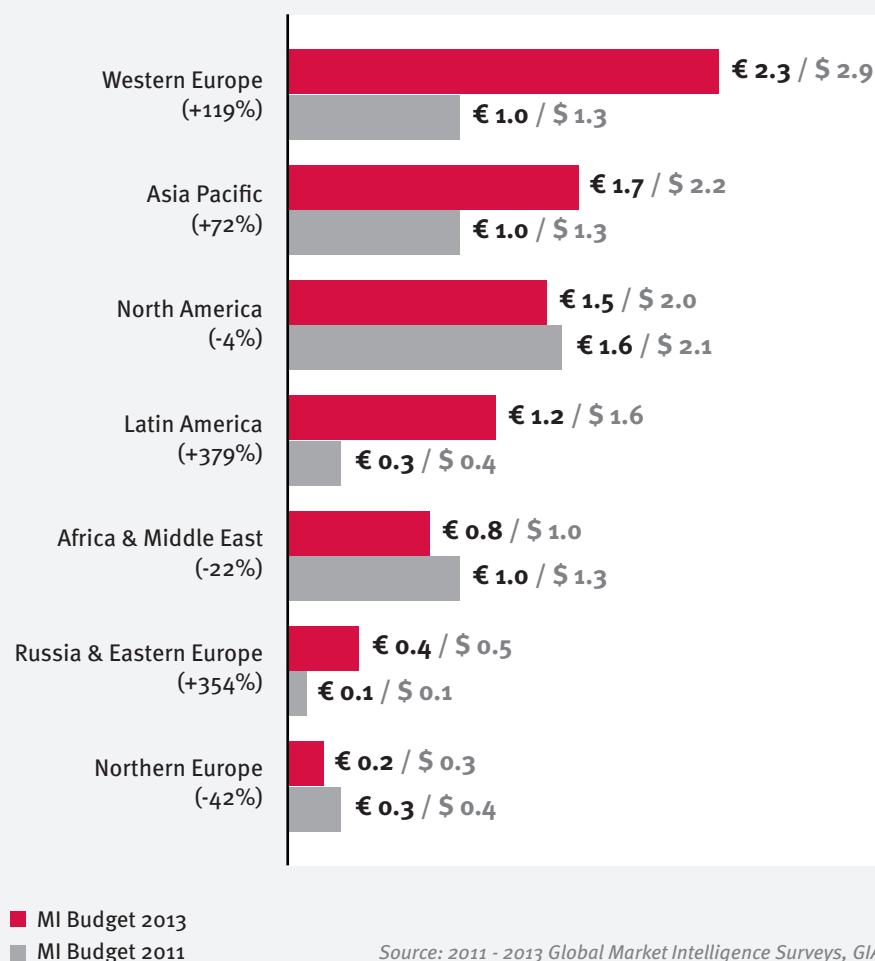
The wide range of market intelligence budgets in different industries is explained by the different characteristics of specific industries and the availability of specific data in these industries. In some industries, the supply and availability of consumer data for example, is substantially higher than in others, and such industries tend to spend more on data, licenses and reports.

By region, companies in Western Europe have the largest market intelligence budgets for projects and services and spend an average of € 2.3 million / \$ 2.9 million every year. The differences in budgets between regions are large and have changed significantly since 2011.

In 2011, North American companies had the largest average MI budgets, spending € 1.6 million / \$ 2.1 million a year, followed by Western Europe, APAC and AMEA where average annual budgets were approximately € 1.0 million / \$ 1.3 million. However, market intelligence budgets in North America have decreased slightly over the last two years while they have increased significantly in Western Europe and Asia Pacific.

In Western Europe, one potential reason for the increase in budgets is likely related to the economic crisis. Companies might be willing to spend more on market intelligence in uncertain times, in order to gain market share. In Asia Pacific, however, the increase is likely related to the growing trend of market intelligence in companies overall. Compared to North America and Europe, market intelligence is a relatively new phenomenon for many Asia Pacific companies, but is growing steadily.

Exhibit 23. Average market intelligence budgets (excl. HR, millions) by geographical region compared to 2011



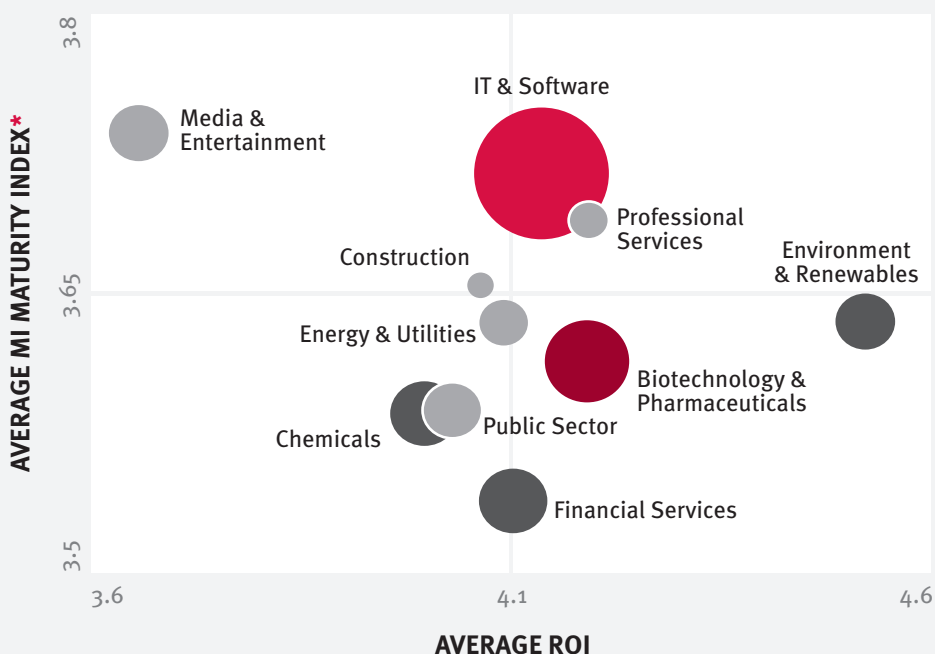
2.4 Industry comparison

Exhibit 24 illustrates the average Market Intelligence Maturity* score in 10 different industries against perceived ROI of market intelligence, as well as the average market intelligence budget in each industry. The industries below represent the highest scoring industries in GIA's World Class Market Intelligence framework (additional industries on next page).

Interestingly, market intelligence is most advanced in Media & Entertainment companies but that is also where the perceived ROI is the lowest. The highest perceived ROI for MI is instead in the Environment & Renewables industry, where budgets are also slightly higher.

Looking at market intelligence in the IT & Software and Biotechnology & Pharmaceuticals industries, it is clear that a large MI budget is no guarantee for an advanced MI function.

Exhibit 24. Level of sophistication of market intelligence, ROI and budgets by industry for the top-10 scoring industries



Avg MI Budget (excl HR)

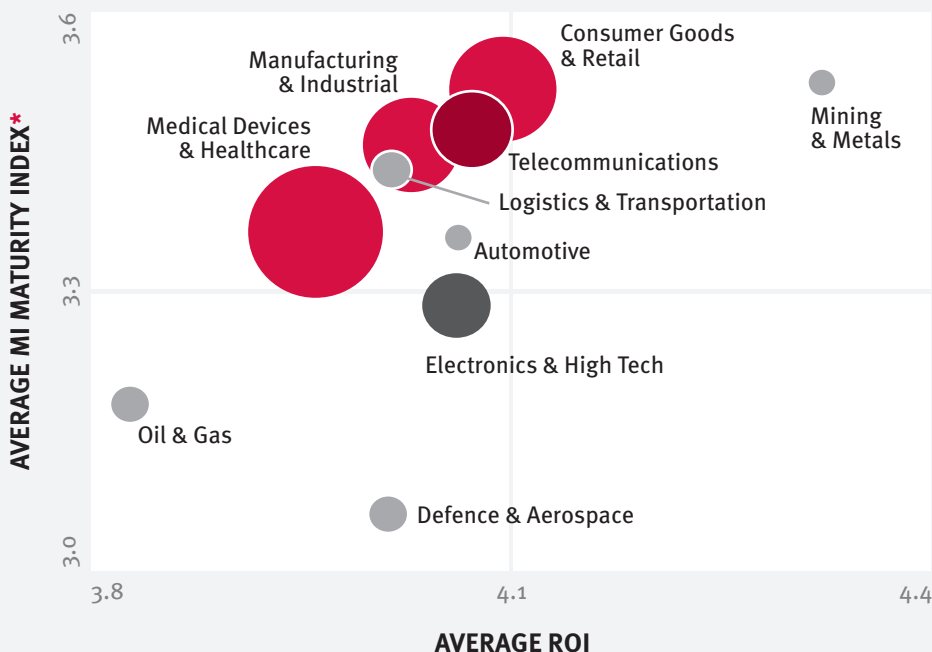
- < € 500 k
- € 500 k - 1 mln
- € 1-2.5 mln
- > € 2.5 mln

* GIA's Market Intelligence Maturity Index measures the level of sophistication of market intelligence functions through 44 questions related to six Key Success Factors for World Class Market Intelligence, through a scale of 1-5. See section 3 for further details.

Source: 2013 Global Market Intelligence Survey, GIA

When looking at the industries scoring 11-20 on the Market Intelligence Maturity Index*, it becomes even more evident that there is no correlation between a large market intelligence budget and an advanced market intelligence unit. There are more industries with large average market intelligence budgets represented among the bottom-10, than in the top.

Exhibit 25. Level of sophistication of market intelligence, ROI and budgets by industry for the bottom-10 scoring industries



Avg MI Budget (excl HR)

- < € 500 k
- € 500 k - 1 mln
- € 1-2.5 mln
- > € 2.5 mln

* GIA's Market Intelligence Maturity Index measures the level of sophistication of market intelligence functions through 44 questions related to six Key Success Factors for World Class Market Intelligence, through a scale of 1-5. See section 3 for further details.

Source: 2013 Global Market Intelligence Survey, GIA

Please note that the scale in the graph is different from the previous chart.

Medical Devices & Healthcare companies spend significantly more on market intelligence every year than companies in other industries, yet their MI programs are the fourth least advanced of all industries and return on investment is perceived to be rather low.

On average, market intelligence is least developed in the Defense & Aerospace industries, followed by Oil & Gas and Electronics & High Tech. Perceived ROI is also among the lowest in these industries.

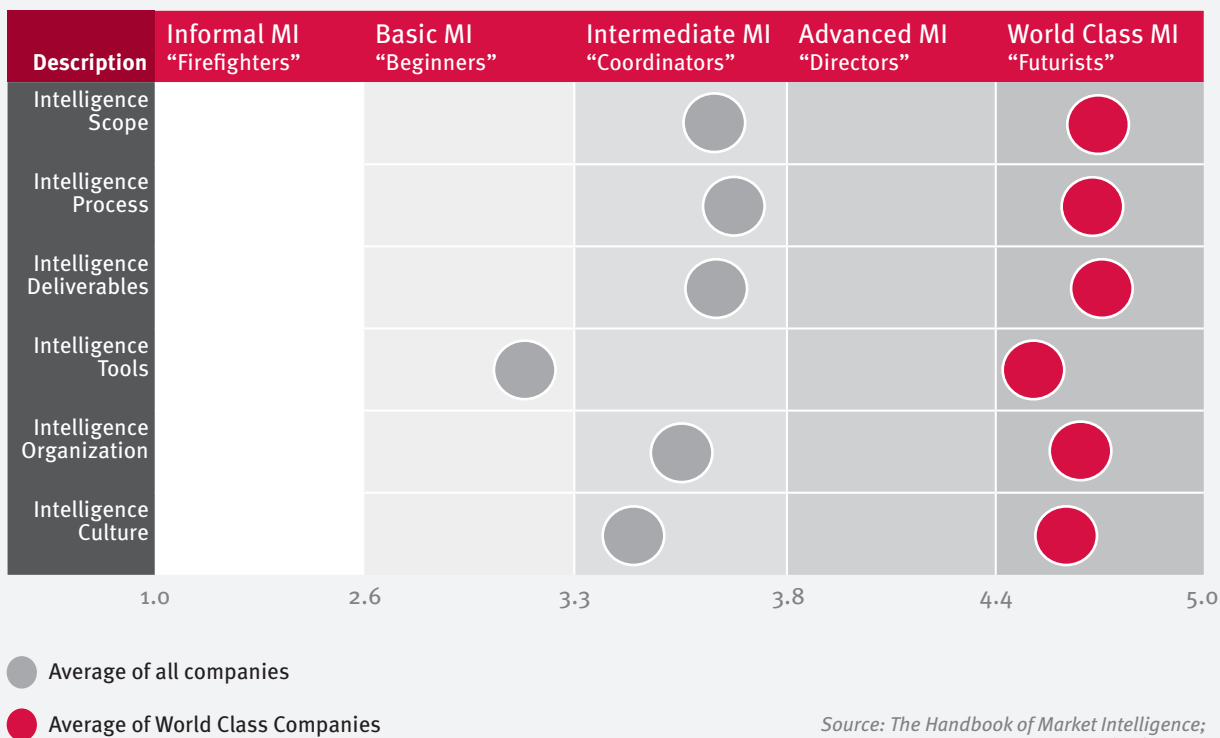
3. COMPANIES WITH WORLD CLASS MARKET INTELLIGENCE FUNCTIONS

GIA’s framework for World Class Market Intelligence is based on six Key Success Factors (KSF’s) that market intelligence programs need to address in order to reach World Class status. The Framework is comprised of 44 questions in total, grouped into the six different KSF’s:

- Intelligence Scope
- Intelligence Process
- Intelligence Deliverables
- Intelligence Tools
- Intelligence Organization
- Intelligence Culture

The 44 questions are measured on a 5-point Likert scale, ranging from a minimum value of 1 to a maximum value of 5. Companies that have an overall average score of 4.4 or above, are considered to have a World Class Market Intelligence program. The level of sophistication for each of the six KSF’s can be visualized in a Market Intelligence Maturity Index, which ranges from ”Informal MI” to ”World Class MI” (Exhibit 26). In the 2013 survey, 11% of the companies had World Class MI programs.

Exhibit 26. Market Intelligence Maturity scores of companies in the survey



3.1 Attributes of World Class Market Intelligence functions

It was evident from the 2011 Global Market Intelligence Survey that companies with World Class MI operations share certain traits, in that their MI functions are more developed than in other companies. For example, World Class Market Intelligence functions have, on average, larger MI teams and more internal customers. However, it is not necessarily these factors that determine World Class Market Intelligence functions. Rather, it is the scope and processes set in place for market intelligence that distinguish World Class functions (Exhibit 27).

Exhibit 27. Market intelligence processes in World Class Market Intelligence functions

- **64%** of all market intelligence work is conducted centrally in World Class Market Intelligence functions, compared to **57%** in the average company.
- **58%** of all MI work goes into regular deliverables in World Class MI functions, compared to only **47%** in the average company.
- **46%** of all MI deliverables in companies with World Class MI are directed towards the top management in the company, compared to **36%** in the average company.

Source: 2013 Global Market Intelligence Survey, GIA

World Class Market Intelligence functions centralize their market intelligence work more, serve their top management to a greater extent and spend most of their time on producing regular deliverables (as opposed to ad-hoc). These factors lead to higher efficiency in the function, which in turn relates to the organizational set-up of World Class MI programs (Exhibit 28).

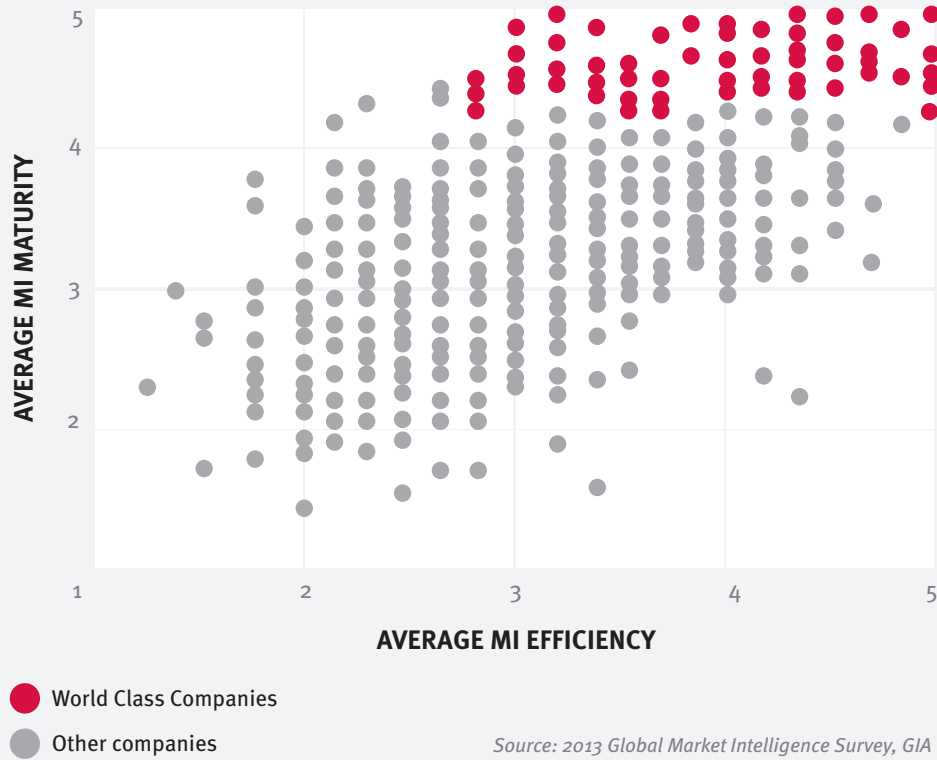
Exhibit 28. Set-up in World Class Market Intelligence functions

- The Head of Market Intelligence in companies with World Class Market Intelligence is on average 1.4 steps away from the CEO, compared to 1.9 steps in the average company.
- World Class Market Intelligence functions have an average market intelligence team of 18 people, compared to 12 people in other companies.
- World Class Market Intelligence functions serve on average 862 internal customers, compared to 579 in the average company.

Source: 2013 Global Market Intelligence Survey, GIA

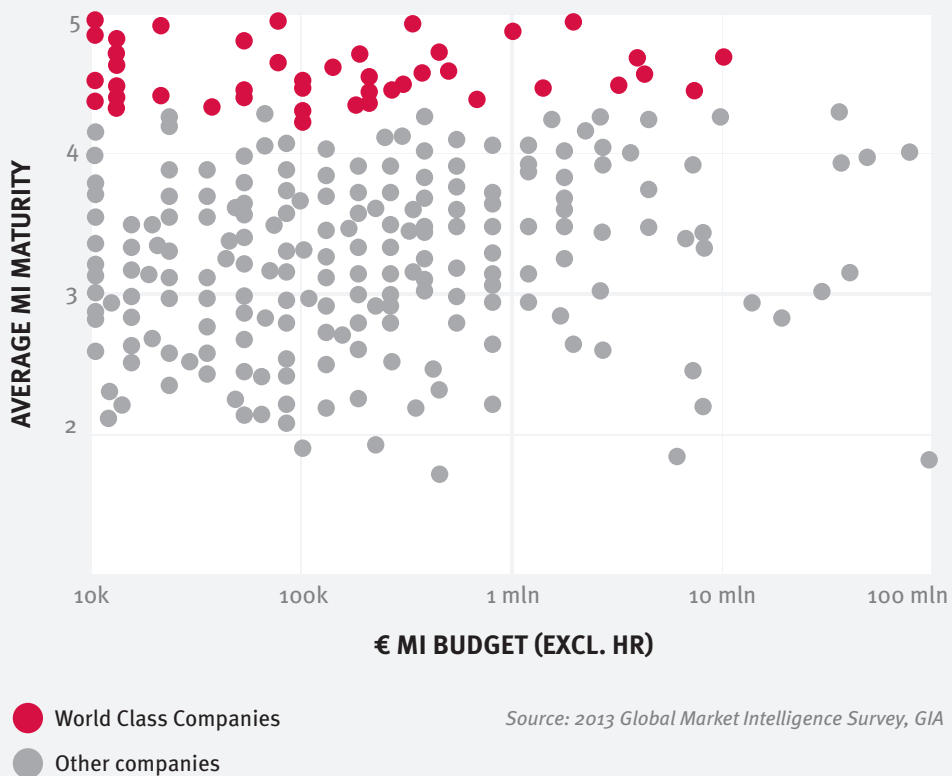
The higher efficiency of World Class Market Intelligence programs also leads to higher efficiency of decision-making overall. Comparing companies with World Class MI to other companies, it is evident that companies with a high score in the Market Intelligence Maturity index usually also score high on the efficiency-related questions (see Exhibit 10).

Exhibit 29. Market Intelligence Maturity Index score vs. average efficiency scores



Companies with World Class Market Intelligence functions are found across all industries and in companies of all sizes and there is no correlation between MI budgets and the Maturity index score (Exhibit 30).

Exhibit 30. Market Intelligence Maturity Index score vs. market intelligence budgets (excl. HR, EUR)

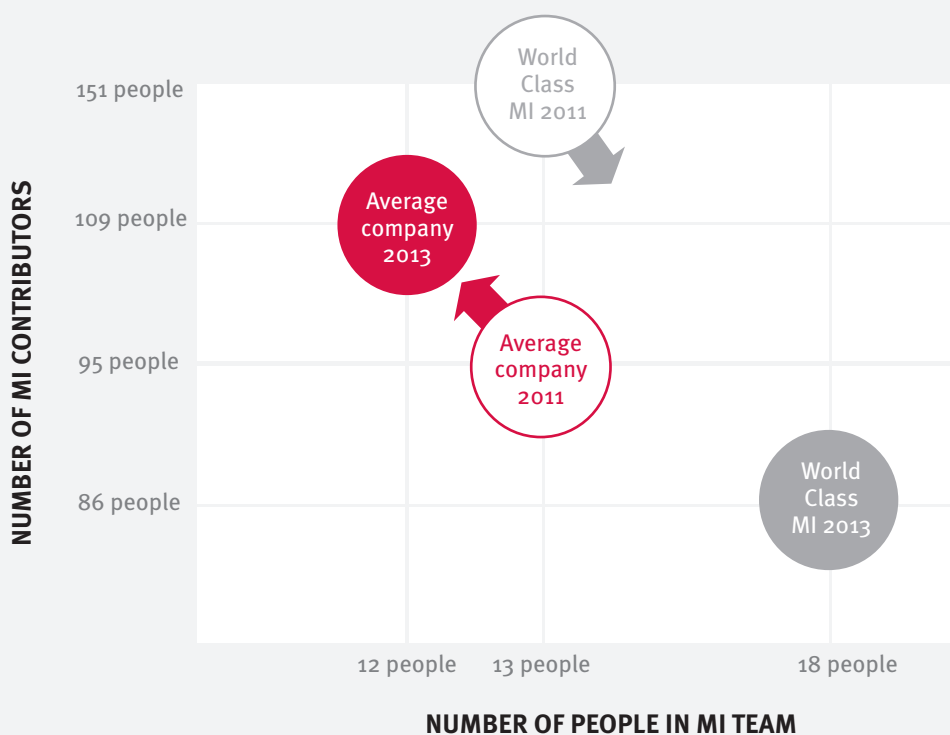


3.2 Trends in companies with World Class Market Intelligence

One of the key findings of the 2013 Global Market Intelligence Survey was that companies with World Class Market Intelligence appear to have taken the direction of their market intelligence function in an almost opposite direction compared to those companies with less sophisticated MI functions.

While the average company has reduced the size of its market intelligence team (from 13 to 12 people) and increased its number of MI contributors* from 86 to 109 people, the average company with World Class Market Intelligence has expanded its market intelligence team (from 13 to 18 people) and reduced its dependency on MI Contributors (from 151 to 86 people).

Exhibit 31. Summary of market intelligence human resources



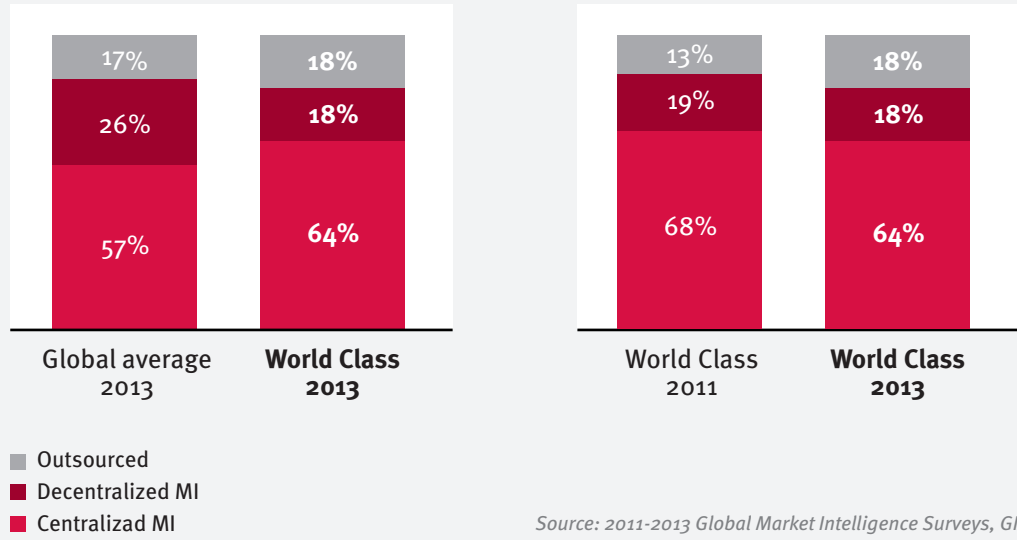
Source: 2013 Global Market Intelligence Survey, GIA

A brief analysis of the findings would conclude that companies with World Class Market Intelligence are centralizing their MI operations even further today, whereas the average company is attempting a decentralized approach. This hypothesis however, is inconclusive. As seen in Exhibit 32, companies with World Class MI do centralize MI work to a greater extent than the average company, but they actually centralize less today than in 2011.

As illustrated in the charts on the next page, companies with World Class Market Intelligence have increased the proportion of MI work that is outsourced to 18% in 2013, while the share of work conducted by the central MI team has dropped from 68% to 64%.

* Market intelligence (MI) Contributors are defined as internal employees or stakeholders who do not have MI as their primary job function, but who systematically assist the MI team with information and intelligence related to their particular field of expertise.

Exhibit 32. Centralization of market intelligence work in World Class companies in 2013 compared to the global average and 2011



Source: 2011-2013 Global Market Intelligence Surveys, GIA

Therefore, rather than just centralizing their market intelligence further, companies with World Class Market Intelligence appear to have adopted a two-pronged approach towards their key internal stakeholders. On the one hand, they have enlarged their MI teams to be able to serve their top management better (Exhibit 33). On the other hand they have increased their budgets for MI projects and services (Exhibit 34) that are less strategic in nature, such as off-the-shelf reports or industry news monitoring.

Serving top management typically requires a deeper level of customization and strategic insight than what is available from third parties. Hence, companies with World Class Market Intelligence require larger MI teams to meet the needs of their top management. However, since MI functions must still provide basic insights to the rest of their internal customer base, MI work that needs less customization and is less strategic in nature is likely to be outsourced.

Exhibit 33. Proportion of market intelligence deliverables to top management

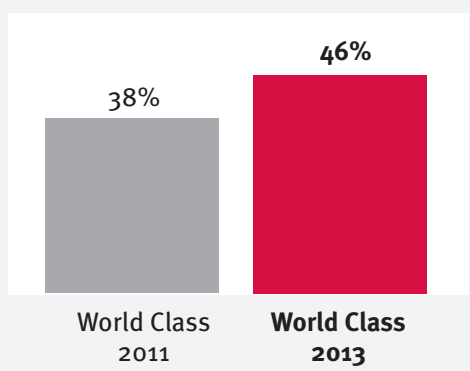
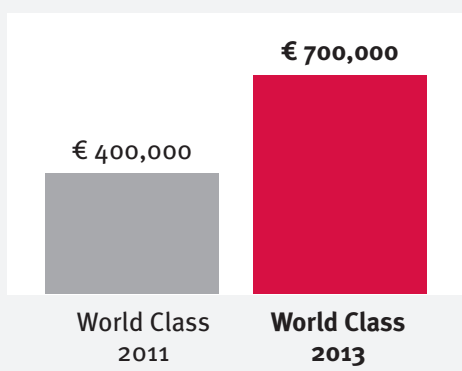


Exhibit 34. Market intelligence budget (excl. HR costs) in companies with World Class Market Intelligence

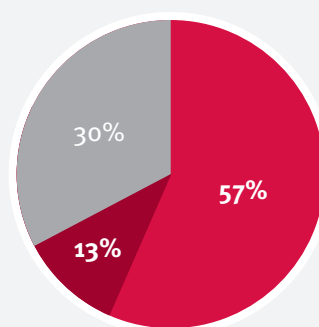
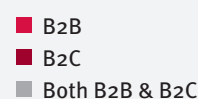


Source: 2011-2013 Global Market Intelligence Surveys, GIA

4. MARKET INTELLIGENCE IN B2B & B2C COMPANIES

Respondents to the survey were asked whether they considered the nature of their business to be primarily business-to-business (B2B), business-to-consumers (B2C) or both B2B and B2C.

Exhibit 35.
Survey-responses by nature of business



Source: 2013 Global Market Intelligence Survey, GIA

The data on B2B and B2C companies show that there are quite clear organizational differences in the set-up of market intelligence functions between the two types of businesses. Most likely, the dissimilarities possibly point to the fact that market intelligence has a different scope and purpose in a B2B company when compared to a B2C company.

In terms of the level of sophistication or efficiency, however, there are no distinguishable differences between the two business types. Overall, 16% of responding B2C companies are considered to have World Class MI, versus only 10% of responding B2B companies. However, there is no statistical evidence of a correlation.

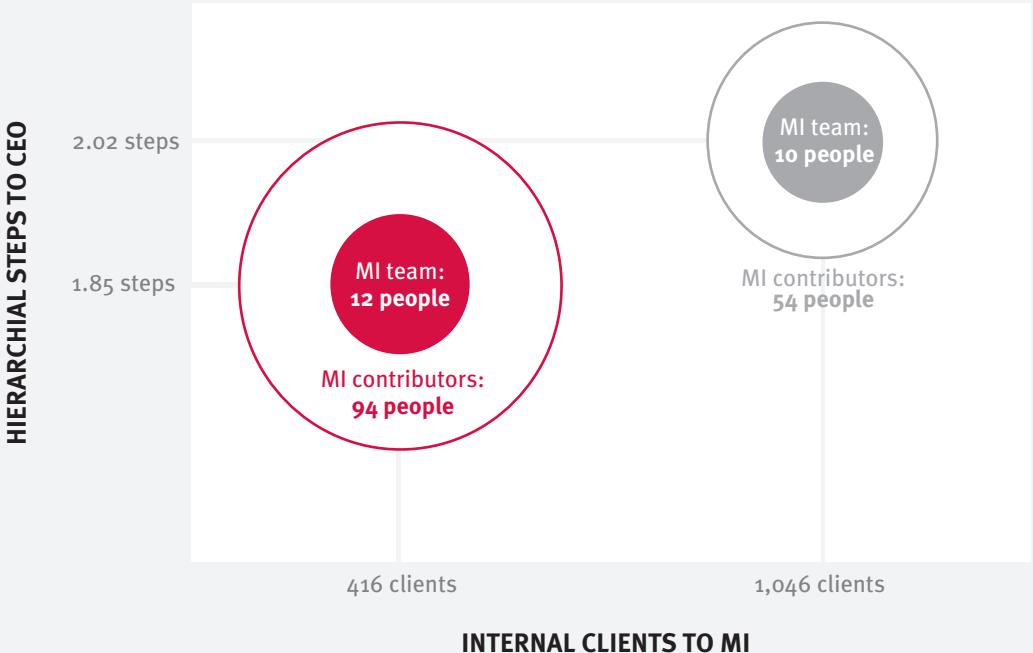
4.1 Organizational set-up of market intelligence in B2B and B2C companies

The most noticeable difference between B2B and B2C companies, in terms of the average organizational set-up of the market intelligence function, is that MI teams in B2C companies serve significantly more internal clients while at the same time having smaller MI teams.

As displayed in Exhibit 36, market intelligence functions in B2C companies have on average two people less in their MI teams compared to B2B companies, but serve on average 630 more internal clients.

The large number of clients in B2C companies suggests that their key internal stakeholders are more likely to be experts, sales people or middle managers in their companies, rather than top managers. This would also explain why MI functions in B2C companies are positioned further away from the CEO.

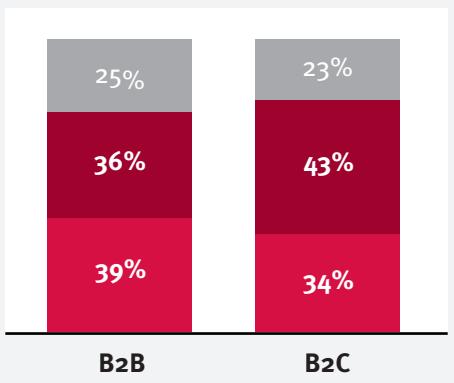
Exhibit 36. Position of market intelligence in B2B and B2C companies



Source: 2013 Global Market Intelligence Survey, GIA

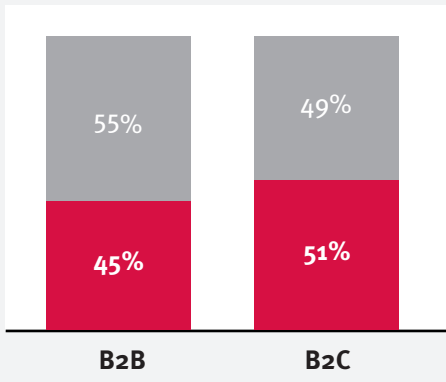
In B2B companies, MI teams instead serve their top management to a greater extent and thus need more people to be able to meet the intelligence needs of top management, which is more difficult to outsource.

Exhibit 37. Proportion of time spent on intelligence deliverables to different internal customer groups



- Top management
- Middle management
- Experts

Exhibit 38. Time spent on regular market intelligence deliverables



- Regular deliverables
- Ad-hoc requests

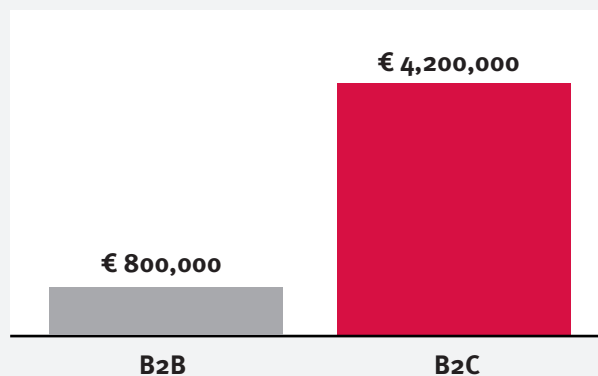
Source: 2013 Global Market Intelligence Survey, GIA

The suggestion that market intelligence teams in B2B companies spend more time serving their top management than MI teams in B2C companies is confirmed in Exhibit 37. Additionally, MI Professionals in B2B companies also spend a larger proportion of their time on ad-hoc intelligence requests, which typically come from top managers in organizations (Exhibit 38).

Surprisingly, market intelligence work in B2C companies is outsourced only slightly more than in B2B companies (20% vs. 16%) despite having more than twice as many internal customers to MI. In fact, MI Professionals in B2C companies even centralize their MI work to a greater extent than in B2B companies (60% vs. 57%).

However, budgets for MI projects and services in B2C companies are significantly higher than in B2B companies (Exhibit 39). A likely explanation for this is that in many B2C industries, there is substantially more data available on markets, competitors and trends from third party providers than in many B2B industries. In B2B industries, there might simply not be any data available and thus the MI team needs to focus on in-house analysis.

Exhibit 39.
Market intelligence budgets in B2B and B2C companies (excl. HR)



Source: 2013 Global Market Intelligence Survey, GIA

4.2 Case for differences in B2B and B2C companies

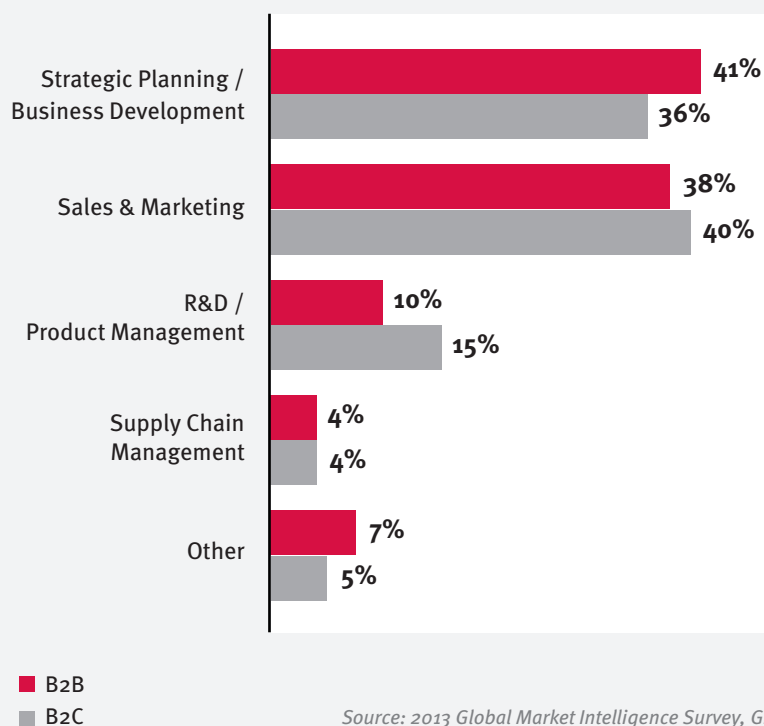
Market intelligence programs in B2B companies differ from those in B2C companies in that they tend to be placed closer to top management (Exhibit 40, strategic function), have more people involved in MI work and have significantly smaller budgets for MI projects and services. However, despite these distinctions, there is no indication that MI is more developed in B2B companies than B2C ones. This indicates that the two different models serve their purposes equally well, but through different means.

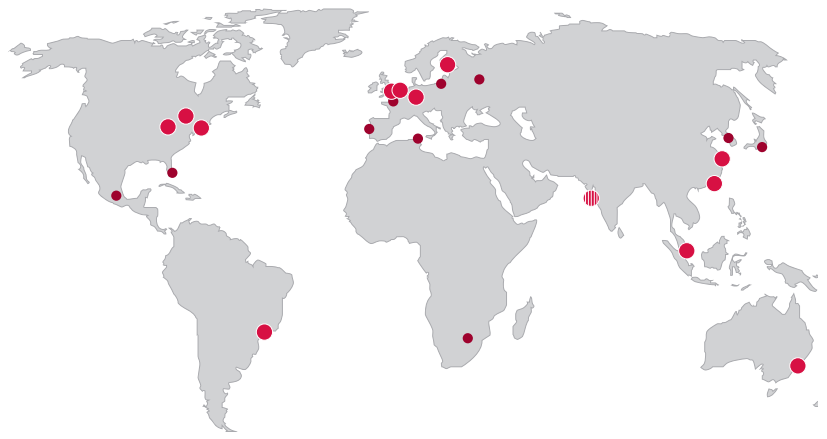
Typically, the greater the focus is on serving the top management in companies, the more resources are required in the centralized market intelligence team. The reason for this is that top management have more strategic and future-oriented needs, than other internal customers. Furthermore, the required deliverables by top management are often complex in nature and require a high level of customization, which makes outsourcing or purchasing reports from third parties a less attractive option. Thus, in order to meet those needs, the MI function needs to dedicate more efforts on in-house strategic analysis, which requires additional resources.

Conversely, more standardized MI deliverables often suffice for sales people and experts than for top management. MI functions in B2C companies are therefore able to serve a larger number of people through the purchase of more reports from external providers. They can also spend more of their time on regular deliverables, which requires fewer people. The set-up does, however, require larger MI budgets.

In conclusion, when there is high availability of intelligence on the market, MI functions will try to serve as many people in their organization as possible. However, in industries where availability of intelligence from external providers is scarce (mainly B2B), MI programs aim to serve primarily their top management.

Exhibit 40. Placement of market intelligence function in B2B and B2C companies





For more information, please visit www.globalintelligence.com or contact the GIA representative closest to you:

International	Global Intelligence Alliance Group	+358-(0)10-613-2000 info@globalintelligence.com
Australia	Global Intelligence Alliance Australasia Level 12, 95 Pitt Street, Sydney, NSW 2000, Australia	+61-2-8249-8363 australasia@globalintelligence.com
Brazil	Global Intelligence Alliance Latin America Rua Joaquim Floriano, 466 cj 306 – Itaim Bibi CEP: 04534-002 – São Paulo, SP – Brazil	+55-11-2165-6810 brazil@globalintelligence.com
Canada	Global Intelligence Alliance Canada 174 Spadina Avenue, Suite 302, Toronto, Ontario, M5T 2C2, Canada	+1-416-231-0828 canada@globalintelligence.com
Central & Eastern Europe	GatewayBaltic Elizabetes 51, 1010 Riga, Latvia	+371-671-658-94 baltics@globalintelligence.com
China	Global Intelligence Alliance China Unit 23B, 23rd Floor Baohua Tower, 1211 Changde Road, Shanghai 200060, China	+86-21-6279-0197 china@globalintelligence.com
Finland	Global Intelligence Alliance Finland Itämerenkatu 5 A, 00180 Helsinki, Finland	+358-(0)10-613-2000 finland@globalintelligence.com
France	RV Conseil 48, rue des Moines - 75017 Paris France	+ 33-1-42 29 56 72 france@globalintelligence.com
Germany	Global Intelligence Alliance Germany Dorotheenstraße 1, 45130 Essen, Germany	+49-201-266-900 germany@globalintelligence.com
Hong Kong	Global Intelligence Alliance Hong Kong 88 Hing Fat Street, Unit 1902, Causeway Bay, Hong Kong	+852-2107-4299 hongkong@globalintelligence.com
India	Global Intelligence Alliance India	india@globalintelligence.com
Japan	McRBC Nogizaka Lilien Heim 601, 1-26-16, Minami-Aoyama, Minato-ku, Tokyo 107-0062 Japan	+81-3-5432-0120 japan@globalintelligence.com
Korea	3mecca 6th F. Kyungjae Tongshin Bldg, 111 Junghak-dong, Jongno-gu, Seoul, Korea 110-150	+82-(0)2-733-0617 korea@globalintelligence.com
Mexico	Americas Market Intelligence Mexico Pestalozzi 923, Col. Del Valle Mexico, D.F. 03100 Mexico	+52-1-55-4345-8110 mexico@globalintelligence.com
Netherlands	Global Intelligence Alliance Netherlands P.C. Hoofstraat 47, 1071 BN Amsterdam, The Netherlands	+31-20-770-6877 netherlands@globalintelligence.com
Portugal	Growth Setting Avenida Engenheiro Duarte Pacheco, Amoreiras, Torre 2, Piso 5, sala 9, 1070-102 Lisboa, Portugal	+351-210-480-674 portugal@globalintelligence.com
Russia	ALT R&C 105122, Tschelkovskoe shosse, 2, bld.1, Moscow, Russia	+7-495-788-59-29 russia@globalintelligence.com
Singapore	Global Intelligence Alliance Singapore 8 Eu Tong Sen Street, #23-81, The Central, Singapore 059818	+65-6423-1681 singapore@globalintelligence.com
South Africa	Butterfly Effect Intelligence North Block, Sheldon Place Office Park, 5 Lone Close Lonehill, South Africa	+27-11-465-9711 southafrica@globalintelligence.com
Tunisia	RV Conseil Tunisie 11, avenue 02 mars, Manouba, Tunisia	+33-1-42-29-56-72 tunisia@globalintelligence.com
UK	Global Intelligence Alliance UK 55 Old Broad Street, London EC2M 1RX, United Kingdom	+44-207-997-6320 uk@globalintelligence.com
USA East Coast	Global Intelligence Alliance USA East Coast 1 Penn Plaza, Suite 3658, New York, NY 10119, USA	+1-212-786-7368 usaeast@globalintelligence.com
USA Florida	Americas Market Intelligence Miami 166 Alhambra Circle, suite 200, Coral Gables, FL 33134, USA	+1-305-458-2493 usaflorida@globalintelligence.com
USA Midwest	Global Intelligence Alliance USA Inc. 8770 West Bryn Mawr Avenue, Suite 1300, Chicago, IL 60631	+1-773-867-8352 usamidwest@globalintelligence.com