

# Journal of Competitive Intelligence and Management

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## Special Issue *on Country-Specific Competitive Intelligence*

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# Journal of Competitive Intelligence and Management

The Journal of Competitive Intelligence and Management (JCIIM) is a quarterly, international, blind refereed journal edited under the auspices of the Society of Competitive Intelligence Professionals (SCIP). JCIIM is the premier voice of the Competitive Intelligence (CI) profession and the main venue for scholarly material covering all aspects of the CI and management field. Its primary aim is to further the development and professionalization of CI and to encourage greater understanding of the management of competition by publishing original, high quality, scholarly material in an easily readable format with an eye toward practical applications.

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# Competitive Intelligence in New Zealand<sup>1</sup>

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## Executive Summary

This paper provides an overview of the development and current state of competitive intelligence in New Zealand. The overview is based on a literature search, which revealed a paucity of coverage of this area. As a result, a 2003 pilot study was designed to gather additional information from industry professionals and large New Zealand business companies.

New Zealand does not have an extensive history of competitive intelligence. The earliest published reference to 'competitive intelligence' in New Zealand was in 1991. There was a flurry of activity in the form of conferences, articles and academic studies on the subject especially between 1995 and 1998. Thereafter, the area appears to have been going through a period of stagnation.

The findings of two key academic studies in 1997 and 1998 confirmed the infant stage of the subject and its use in New Zealand. The 2003 pilot study responses were limited but indicated a fairly negative view of the current state of competitive intelligence in NZ.

This paper concludes with a review of the future of competitive intelligence in New Zealand. While it is the author's view that the need for competitive intelligence will grow, the 2003 pilot study respondents gave a less optimistic view.

The author has attempted to be objective however interpretation of results and opinions expressed are those of the author alone. In a paper such as this, it is

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inevitable that there may be omissions and the author apologizes in advance.

## Keywords:

competitive intelligence, New Zealand, history of competitive intelligence, academic research of competitive intelligence, government support for competitive intelligence, current state of competitive intelligence, future of competitive intelligence

## About the Author

**D. Brent Hawkins** lectures in market research in the Business Faculty at Auckland University of Technology, Auckland, New Zealand. Brent has held management and marketing positions in a number of organizations including Walt Disney in London, UK and Philips Electrical in New Zealand. He set up his own business in 1986 offering marketing and research services. In 1995 he expanded this business by offering services related to competitive intelligence. The consultancy activities related to competitive intelligence has involved work mainly in the private sector in New Zealand. Since joining Auckland University of Technology (AUT) in 2003, he has been conducting academic research on competitive intelligence in the NZ market. This paper was part of that research.

Brent Hawkins is presently working on a further study on this topic. This study has involved collecting information from NZ organizations in both the private and public sectors. The study will compare the results from a similar CI study conducted in 1996, referred to in this paper.

As suggested in the conclusion to this paper, Brent Hawkins is now working on setting up a NZ CI group with a group of competitive intelligence practitioners. The objective of the group is to provide education of NZ private and public organizations of the benefits in the use of CI and well as encourage tertiary education providers to offer CI as topic of importance to all organisations.

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## The Evolution of Competitive Intelligence in New Zealand

### Historical Coverage of Competitive Intelligence in New Zealand

Competitive intelligence appears to be a relatively recent phenomenon of study in New Zealand. A search of New Zealand databases using 'competitive intelligence' as a keyword identified 1991 as the year in which the public media first reported activities related to competitive intelligence in New Zealand.

In 1991, Professor Michael Porter, one of the world's leading authorities on competitive strategy and international competitiveness, was engaged by the NZ Government to do an independent study of the NZ economy, which became known as the Porter Project. This study examined the extent to which New Zealand companies were structured to establish competitive advantages in a growing global business environment. The result was not very positive. It depicted New Zealand companies as not well-aligned to the requirements of competitive success. The mindset in New Zealand companies focused predominantly on their internal environment at the expense of the external competitive environment (Crocombe, Enright & Porter, 1991).

Conference organizer, AIC Conferences, promoted and organized a workshop entitled, *Out-Smarting the Competition*, in June 1991. U.S. competitive intelligence professional, John McGonagle, was engaged to conduct workshops in Auckland (New Zealand's largest city),

Australia, and South East Asia. John McGonagle's presentation was reported in *New Zealand Business* in July, 1991 under the heading, "Knowing Your Competition" (Young, 1991). This article explained the term competitive intelligence, the stages of the process, and discussed some sources of competitive intelligence information.

In 1995, at another AIC Conference, John McGonagle and Carolyn Vella from the U.S. conducted workshops on competitive intelligence in Auckland (J. McGonagle, personal communication, December 9, 2003). However, no press coverage or record of the conference proceedings was found.

According to Fourie (1998), a 1996 study by Campbell-Hunt and Corbett found some improvement in attitude and practices in companies regarding environmental scanning. It reported that companies did monitor economic, technological, governmental changes, social trends, and shareholders in the macro environment.

In September, 1996, Douglas Bernhardt of the Switzerland-based Business Research Group, was the main speaker at an Institute for International Research (IRR) Conference at the Sheraton Hotel, Auckland. The theme of this conference was *Gain Competitive Advantage through Competitive Intelligence*. The presentation was covered by *The Dominion* (1996) with a headline emphasizing, "Spying on Rivals Can Be Legitimate".

In February, 1997, John Cunningham, director of a New Zealand venture capital organization, spoke at the Boston conference for the Society of Competitive Intelligence Professionals (SCIP). His presentation at this conference discussed commercializing technology using the Americas Cup as a theme line. (J. Cunningham, personal communication, December 15, 2003). On return, Cunningham reported in *New Zealand Business* on the latest developments in the use of competitive technology by leading members of SCIP in article entitled, "Using Market Intelligence for Profit" (Cunningham, 1997).

*The Independent*, a business weekly publication, published an article entitled, "Army Officers Probe Commercial Intelligence", which first informed the NZ business community of a study about to be completed on the New Zealand competitive intelligence situation (Rotherham, 1997a). This study was the first comprehensive research (Trengrrove & Vryenhoek, 1997) on competitive intelligence in New Zealand. It received considerable media coverage and is the most well-

recognized New Zealand academic study on competitive intelligence to date.

In February, 1997, the publication, *Management Technology Briefing*, published an article titled, "I Spy: How Competitive Intelligence Can Help Your Business Thrive". This article described competitive intelligence, gave some relevant websites, and interviewed a New Zealand competitive intelligence professional (Hutchinson, 1997).

In May, 1997, *The Independent* published an article, "Industry Leaders Use Competitive Intelligence Techniques" in which a number of New Zealand competitive intelligence practitioners were quoted in the article suggesting too few New Zealand corporations were devoting sufficient resources to competitive intelligence (Rotherham, 1997b).

Then, on November, 27 and 28, 1997, the Institute for International Research held a conference at the Stanford Plaza Hotel in Auckland. The conference, *Competitive Intelligence and Strategy Conference*, included the Australian speakers Babette Bensoussan, Chris Hall, and Mark Ostry. In addition, the New Zealand army officers Sean Trengrove and Barry Vryenhoek formally presented the results of their New Zealand research at this event.

In February, 1998, the University of Auckland Executive Development programmes offered a two-day workshop on business and competitive intelligence. This was facilitated by two industry professionals (Peter Maher and David White).

In June, 1998, *New Zealand Marketing Magazine* published an article entitled, "Creating a Competitive Edge" (Young, 1998). The article suggested that too few New Zealand organizations were actively conducting competitive intelligence. This article went on to explain something of the stages of competitive intelligence and used mainly overseas case studies to support their argument with one NZ example.

*New Zealand Management* magazine published an article in August, 1998, entitled, "Why Spy? Using Competitive Intelligence to Boost Your Business" by Babette Bensoussan, a competitive intelligence professional from Australia. Bensoussan not only stated that competitive intelligence was essential for survival but also gave details on the 'FAROUT' system which offered criteria to measure the value of intelligence for a business (Bousoussan, 1998).

In October, 1998, *New Zealand Infotech Weekly* reported a seminar to be held in the same month on "Translating Competitive intelligence Into Winning Strategies". However, no further reference or coverage to confirm that this event actually took place could be found (NZ Infotech Weekly, 1998).

A thesis was completed in 1998 by a postgraduate student (Fourie, 1998) with the title, *The Relationship between Competitive Intelligence and Company Success*.

On January 31, 2001, *The Dominion* newspaper in Wellington (New Zealand's capital city) published a feature article on a competitive intelligence professional entitled, "A Man Who Minds Other People's Businesses". This article gave the some details on the work of this individual in New Zealand (Talbot, 2001).

Finally, in August, 2001, a seminar was conducted by the Institute for International Research called *Business Intelligence 2001 - Turning Information. . . Into Knowledge . . . Into Profit*.

No texts on competitive intelligence written by NZ authors or specifically for the NZ market were found.

In summary, during the early and mid 90's some interest was shown in competitive intelligence as overseas speakers were invited and seminars organized around the topic. However, a web-based search indicates there has been very little media reported activity of competitive intelligence since 1998. The two academic studies advised above in 1997 and 1998 and their findings will be summarized in the following section.

## Academic Research into Competitive Intelligence in New Zealand

A search of New Zealand academic databases using 'competitive intelligence' as a keyword uncovered six studies since 1991 (Burmester, 1991; Kearns, 1997; Trengrove & Vryenhoek, 1997; Fourie, 1998; Ng, 1999, and Pidgeon, 1999).

Only two of these studies directly addressed the issues related to competitive intelligence. Others focused on areas related to competitive advantage. The findings of the Trengrove & Vryenhoek study and the Fourie study which both focused on 'competitive intelligence' are reported below.

## The 1997 Trengrove & Vryenhoek Study

This comprehensive academic study entitled, "The State of Competitive Intelligence Within New Zealand Private and Public Sector Organizations" was undertaken by Sean Trengrove and Barry Vryenhoek, two army officers completing their MBA degrees. It was based on a similar study done in Australia in 1995 (Hall & Benoussan, 1996). This study was well reported in the media. The authors presented the findings at the *Competitive Intelligence and Strategy Conference*, held in November, 1997, in Auckland.

The purpose of the study was to "research the state of competitive intelligence within the New Zealand public and private sectors and benchmark them against trends in Australian companies" (Trengrove & Vryenhoek, 1997). The study involved 1,060 surveys being sent by facsimile to New Zealand organizations from seventeen different industry sectors. A total of 285 valid responses were received back.

There were four main limitations of this study:

1. The results were based on a very broad range of industry sectors with varying levels of competitive intensities in each sector.
2. The performance measures were based on self-reported information.
3. The number of surveys from each of the seventeen industry sectors varied. As an example, 23% (66) were from organizations in the manufacturing area while 8% (24) were from retail. The data collected was not analyzed to take this into account.
4. The position of persons completing the questionnaire was not controlled. In fact, the covering letter attached to the questionnaire advised the CEO "where necessary could you please delegate it to the most appropriate person." (Trengrove & Vryenhoek, 1997). Therefore, the positions of the respondents who completed the questionnaire varied. However, 63 % of respondents were CEOs.

Despite these limitations, this is the only study of its nature and did provide indications of the trends in the use of competitive intelligence in New Zealand companies across a broad range of sectors.

The key conclusions that the authors reached were:

1. New Zealand companies and local government believed that their competitive environment was very challenging and that it was likely to become more challenging in the future.
2. The vast majority of the companies surveyed rated themselves moderately good at monitoring their competition. However, the average expenditure on competitive intelligence by companies (with revenues of NZ\$ 20 million or more) was less than 0.05% of revenues.
3. The prominent source of gaining competitive information was word of mouth and personal contacts. A general failure to use all sources of information in a comprehensive and co-coordinated manner was detected. Therefore, unsophisticated information systems dominated competitive intelligence activities.
4. Forty-six percent of the respondents did indicate that they had plans to improve their competitive intelligence processes. A large gap was identified between the perceived need and the allocation of resources to gather that information. The results indicated a degree of complacency amongst New Zealand companies in addressing possible competitive threat and environmental change.
5. Very few organizations understood the need and importance of protecting their strategic information by using counterintelligence methods.

The report recommended that New Zealand companies undertake the following actions needed to realize their full potential:

1. Develop integrated and comprehensive competitive intelligence processes that are linked to strategic planning systems.
2. Integrate existing systems throughout the company with a centralized system for coordinating information.

3. Widen the focus of information gathering using a fuller range of information sources.
4. Allocate adequate resources to ensure effective competitive intelligence activities.

## The 1998 Fourie Study

The Fourie study was a thesis completed by a Masters student entitled, *The Relationship between Competitive Intelligence and Company Success*. This study set out to address three objectives: (Fourie, 1998).

1. To determine the state of competitive intelligence in a specific New Zealand industry sector.
2. To determine whether a relationship exists between competitive intelligence and measures of business performance.
3. To assess the impact of the study findings on marketing strategy in general.

This study focused on four related industries in the chemical sector and a mail survey was undertaken. The managing directors of 610 NZ companies were invited to nominate senior managers of strategic business units (SBU's) as suitable respondents. A second mailing, with the questionnaire was then addressed to these senior managers for completion. A total of 125 completed surveys were received for analysis.

There were four main limitations of this study:

1. This study was based on a sample size in a relatively specific industry area.
2. The performance measures were based on self-reported information similar to the Trengrove & Vryenhoek study.
3. The results were based over a relatively short period when strategy is ideally measured over the longer term (Fourie, 1998).

The key conclusions of this study were: (Fourie, 1998):

1. In terms of the state of competitive intelligence in New Zealand, the study found that the respondents used a predominantly ad hoc competitive intelligence approach. This approach showed SBU managers to be in control of collecting their own competitive intelligence and also showed that very few companies had centralized competitive intelligence functions. Informal gathering and analyzing patterns reflected the low to nil budget afforded to this function.
2. Respondents had good dissemination patterns and made good use of available competitive intelligence. Top management was reported as being directly involved in the intelligence function and regularly updated.
3. It was suggested that competitive intelligence issues could be improved in this industry sector by:
  - a. Extending the use of intelligence by storing it in databases accessible to staff.
  - b. Top management prioritizing intelligence needs to ensure more cost effective use.
  - c. Development of a counterintelligence mindset to safeguard information.
  - d. Using new information sources, such as the Internet, and more formal gathering sources, such as benchmarking.

“Overall the study established that a significant positive relationship existed (at the 90% confidence interval) between a composite measure of competitive intelligence activities and a self reported measure of performance (market share growth). However, the relationship proved to be weak with only 3% of the variance in market share caused by competitive intelligence activities (assuming this is the direction of causation)” (Fourie, 1998, p. 100).

The study found that the SBU managers largely agreed that their competitive intelligence activities: (Fourie, 1998, p. 100).

1. Improved their understanding of the dynamics of the market place.
2. Improved implementation of new products or projects.
3. Led to concrete actions.
4. Helped shape policies.

The literature review identified a growing need by marketing strategists for good competitive intelligence to enhance strategy development processes. However, Fourie's study found only weak support for an investment in establishing competitive intelligence processes. It also showed that companies do not only view competitive intelligence as an input to marketing strategy, they also could see the potential of the competitive intelligence function becoming a competitive advantage in its own right.

The common themes from both of these studies are the somewhat ad hoc approach to competitive intelligence, the limited sources used, lack of counterintelligence and minimal commitment of resources in competitive intelligence systems.

### 2003 Pilot Study

The limited information found in this academic literature review and the fact that the last study by Fourie was conducted five years ago led the author to undertake a pilot study to gather more information on the subject. Two questionnaires were developed.

One titled, *Industry Questionnaire*, was sent to 57 competitive intelligence professionals, government departments and organizations operating in the market research field. The purpose of this questionnaire was to elicit their perception of the current state of competitive intelligence in New Zealand.

The second questionnaire titled, *Organizational Questionnaire*, was addressed to 82 of New Zealand's largest organizations. The purpose of this questionnaire was to gather information on how competitive intelligence was being used within organizations.

All respondents were invited by email to visit separate website addresses, one for the *Organizational Questionnaire* and another website for the *Industry Questionnaire* to complete and submit the questionnaires. Respondents were assured that their details and their respective organizations would not be identified.

The *Industry Questionnaire* received 11 responses (a 19% response rate). For the *Organizational Questionnaire*, only seven responses (8.5%) were received. In analyzing results, it was found that one respondent to the *Organizational Questionnaire* was a government department. Therefore the final number of respondents to the *Organizational Questionnaire* was 6.

Informal feedback suggested that the poor response rate was due to the sensitive nature of the subject area and the relatively short (two week) response time. The timing of the survey also had an effect, as many organizations advised that they were too busy in the two months before Christmas to complete the questionnaire.

While the overall response rate was poor, the information gathered did provide current industry input for the following sections.

## Current State of Competitive Intelligence in New Zealand

### Current Media Coverage of Competitive Intelligence

As reported in the first section of this paper, there has been no media reported activities on competitive intelligence since 1998. The 2003 pilot study asked respondents to recall details of the last occasion they read information on competitive intelligence.

The highest number of respondents (4) stated they read something on competitive intelligence more than 12 months ago. Two respondents stated 6-11 months ago and another two less than 3 months ago.

The above comments and details in the following section, indicate that competitive intelligence events have been occurring since 1998. It would seem that the New Zealand media has just not reported on these activities or it may be more likely that due to the nature of the topic the media is not informed by those involved. This seems to confirm that coverage of competitive intelligence remains limited and in fact could be said to be very poor considering that these responses came from industry professionals who would actively be seeking information on their subject.

## Competitive Intelligence Meetings or Conferences

As the first section of this paper reveals, there have been a total of five CI seminars and conferences in the New Zealand media since 1991. The most recent seminar was held in 1998. In the 2003 pilot study, industry respondents were asked to advise of any meetings or conferences held on this topic. Responses confirmed the media reported events above.

However, one respondent to the *Industry Questionnaire* stated that "Marcus Evans (conference organizers) and Mindshifts (Australian Competitive Intelligence consultancy) have held training courses here (in NZ) about once a year for the last few years. NZIM (New Zealand Institute of Management) has also held some seminars on the topic." Another industry respondent advised "Approximately two years ago we held 2-3 sessions with those working in the industry. I'm not aware of any that have been held since".

Another respondent to the *Industry Questionnaire* advised "ad-hoc meetings have been held in Wellington (the capital city of New Zealand) between a group of companies who have this function".

Additional comments provided by respondents shed some light on the reasons explaining the small number of conferences held and the relatively low attendance. One comment made was, "There would appear to be considerable confusion by organizers and participants as to whether competitive intelligence and business intelligence are the same thing or not".

Another comment indicated that "Several annual information technology seminars also suggest that they relate to competitive intelligence but they are a complete waste of time and are just product marketing exercises by IT people who have little or no understanding of what CI entails". Another respondent stated that "...the same faces show up to be bored every time" and that "the CEO's are never in the audience".

## Competitive Intelligence Education

As mentioned earlier, in 1998, two industry professionals under the auspices of the University of Auckland conducted a short course on competitive intelligence. As per Michael Groves, Director of Executive Development Programmes - Short Courses at University of Auckland, these courses were not

continued due to poor demand. (M. Groves, personal communication, December 15, 2003).

The 2003 pilot study asked *Industry Questionnaire* respondents to advise of any courses or subjects offered on competitive intelligence in New Zealand tertiary institutions. The highest number of respondents (4) gave no answer or stated that they knew of no courses. Three respondents stated that they were aware of courses such as MBA programs covering the topic or of the 1998 University of Auckland short course.

Thus, there does not appear to have been nor is there currently any special emphasis on this topic at the tertiary education level in New Zealand.

## Competitive Intelligence Associations or Groups

The 2003 pilot study revealed no formal association or group representing competitive intelligence in New Zealand. However, some respondents to the *Industry Questionnaire* advised that attempts had been made at various times to set up a group along the lines of the SCIP association. However, these had failed due to lack of active participants.

It was confirmed five people from New Zealand are members of the Society of Competitive Intelligence Professionals - U.S.A. (C. Fleisher, personal communication, December 14, 2003). Two of the members work with consulting organizations and three members represent their business organizations.

At this point there is also one person from New Zealand who is an active member of the Australian division of the Society of Competitive Intelligence Professionals, (K. Stephenson, personal communication, December 16, 2003).

Respondents of the 2003 *Organizational Questionnaire* reported that they were more likely to be members of their industry associations and would see them as a source of competitive intelligence. As an example, a member of the automobile industry was a member of the MTA (Motor Trade Association).

## Competitive Intelligence Government Support

The 2003 pilot study asked both 'organizational' and 'industry' respondents if there was any government agency currently active, which offered competitive intelligence services to NZ organizations. With the exception of one, all respondents to the *Industry*

*Questionnaire* stated that there was no New Zealand Government organization currently offering such services. All of the *Organizational Questionnaire* respondents also denied any knowledge of this service.

However, the government organization - New Zealand Trade and Enterprise (NZTE) offers a service which indirectly provides some competitive intelligence. The purpose of the organization as per their website is "to improve the capability and international competitiveness of New Zealand businesses" ([www.nzte.govt.nz](http://www.nzte.govt.nz)). New Zealand Trade and Enterprise advises they have two specific service lines that focus on looking at a client's competitive position: the Enterprise Development Grant and the Export Consultancy (New Zealand Trade and Enterprise, 2003).

The Enterprise Development Grant assists entrepreneurs and companies to gain additional business skills and obtain external expertise and assistance in developing business projects. The grants are offered (up to NZ\$20,000) on a 50:50 reimbursement per year. This grant includes the ability to employ specific advice and expertise, which lead towards enhanced capability, profitability and international competitiveness. The Enterprise Development Grant also encourages firms to undertake international market development activities related to a new market or participation at an international trade fair. If a New Zealand organization wishes to identify more information about their competitors in the New Zealand market, then an application can be made to NZTE for a grant to fund the use of an external consultant or organization to address the issues concerned.

However, for the international market a full service, the Export Consultancy, is provided by NZTE to assist New Zealand organizations increase export earnings. In this case, any New Zealand organization can request general or specific information on competitors or any other business related areas. The NZTE has 48 offices throughout the world and the resident staff in each office will collect the information required on the overseas market. This service is billed out at commercial rates which vary depending on the country concerned, the information being obtained and other factors.

## Organizational Leaders in Competitive Intelligence

The author made an attempt to identify the number of organizations or consultancies which directly offer competitive intelligence services to New Zealand organizations. No listing or directory of such organizations could be found although a number of general market research firms do provide such services and the author is personally aware of a small number of consultancies directly offering a competitive intelligence service (the authors own consultancy being one of them).

In terms of business organizations, the 2003 study asked respondents for the first organization names that came to mind when the term competitive intelligence was used. The *Industry Questionnaire* respondents mentioned various organizations but the largest number (4 respondents) stated Telecom and Transpower. Telecom is a publicly listed company and New Zealand's largest communications provider. Transpower is a state-owned enterprise that owns and operates New Zealand's high-voltage electricity transmission grid. The respondents were then asked for the reasons for their choice of leaders. Eight of the 11 industry respondents stated these organizations had well-developed, experienced, and professional processes in place.

On the other hand, the *Organizational Questionnaire* respondents did not recognize any company as a leader in the area of competitive intelligence. Their responses focused on industry associations related to their specific sector of operation.

## The Future of Competitive Intelligence

### Challenges for Competitive Intelligence

It is interesting that the 1997 study concluded that New Zealand companies and local government believed that their competitive environment was very challenging and that it was likely to become more challenging in the future. However, it also found a lack of willingness to commit resources to meet these challenges.

It is not surprising, therefore, that in response to the 2003 pilot study, a large majority (8) of the *Industry*

*Questionnaire* respondents cited the following as the key challenge: a lack of awareness and understanding of the value of competitive intelligence for an organization as well as education at the CEO/CFO level.

The *Organizational Questionnaire* respondents were asked to give their perception of the future with regards to competitive intelligence in their organization. Only one respondent stated that competitive intelligence would become more important to their organization in the future. Two stated they would continue doing what they've been doing with regards to competitive intelligence in their organizations and one believed that the future is limited.

From the above, it would appear that the future of competitive intelligence in New Zealand is unlikely to change drastically unless greater resources are committed to educating organizations about the use and value of competitive intelligence to their businesses. It would seem that, possibly, the NZ tertiary education providers need to be educated first on the value of competitive intelligence.

### Specific Issues and Barriers to the Future of Competitive Intelligence

Respondents of both the *Industry Questionnaire* and *Organizational Questionnaire* were asked what specific issues, barriers or obstructions were facing competitive intelligence in the future.

The majority (5) of the respondents to the *Organizational Questionnaire* did not mention any barriers or did not answer the question. Only one mentioned lack of funding for competitive intelligence.

However, in the case of the *Industry Questionnaire*, four respondents stated that lack of funding for competitive intelligence was a key issue. Five respondents suggested the lack of recognition of competitive intelligence as a formal discipline or profession was also an issue for the future.

A further question directly related to the above point was addressed to the *Industry Questionnaire* respondents. This question asked for issues that would hinder competitive intelligence becoming recognized as a legitimate profession. Interestingly, a majority (7) of the respondents stated lack of education of New Zealand management through universities and professional bodies like the SCIP.

In designing the *Industry Questionnaire*, it was anticipated that the issue of New Zealand not having a professional competitive intelligence body would be identified. Therefore a question was developed which requested what sort of organizational structure the industry preferred.

Most respondents (6 of the 11) suggested a structure completely separate from any government influence. A further four respondents essentially favored a structure which was independent but funded by government to some degree.

### Likely Future of Competitive Intelligence

As a final comment on the future of competitive intelligence in New Zealand, the *Industry Questionnaire* respondents were asked to state what they believed were the most likely future prospects for competitive intelligence. In response, most expressed concerns about the future unless more effort was made by all including organizations and the industry. A similar question addressed to the *Organization Questionnaire* respondents had two respondents advising that it was not well understood or not considered important enough.

In summary, the future for competitive intelligence in New Zealand appears bleak unless there is greater emphasis on competitive intelligence at all levels. Education seems to be a key factor so that management of New Zealand organizations can understand the value of competitive intelligence and commit resources to it. The formation of a New Zealand professional competitive intelligence body would be great start to addressing this issue.

### Conclusion

It seems clear that New Zealand organizations' understanding and use of competitive intelligence is of concern for the future especially when compared to many larger countries. There are some special characteristics of the New Zealand market, which may explain the slow development of interest in this area.

The estimated population of New Zealand on December 19, 2003 was 4 million and the GDP of the country of NZ\$113 billion (US\$72 billion<sup>2</sup>) at year ended March, 2003. Furthermore, 96.5% of New Zealand companies are SME's (Small and Medium Enterprises)

employing less than 19 staff (Ministry of Economic Development, 2003). Therefore, by any measure, New Zealand is a relatively small economy.

The small size of most industry sectors has implications on the perceived need for formal competitive intelligence systems. In the domestic market, most business operators know a great deal about their key competitors through informal processes due to the size of the market. However, New Zealand government and businesses are becoming increasingly aware of the need to compete globally. As per the speech given by New Zealand's Prime Minister, Helen Clark, to parliament on March 7, 2003:

"While the open nature of the New Zealand economy requires all our businesses to be internationally competitive, the maintenance and improvement of our living standards requires us to be innovative and to compete on quality and value. (Prime Minister of New Zealand, 2003).

The country needs to continue the growth of its export markets and a critical aspect of this is having relevant competitive information. With global competitors, more formal processes of collecting, disseminating and using competitive intelligence will become necessary. As a result of this focus, it is anticipated that interest in competitive intelligence will grow.

It would seem that this is the opportune time for action by all involved especially industry professionals and educators. From the above review, two areas requiring immediate attention are:

1. The formation of an industry group or association to represent competitive intelligence, and
2. The inclusion of more specific courses on competitive intelligence at tertiary institutions as part of existing business programs to encourage interest in the topic, and as stand alone modules.

This would be a start in supporting the drive to increase New Zealand business participation in global markets.

## Notes

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