

Using Market Intelligence to Increase Your Sales

By Wayne Wilson

A thorough understanding of markets and customers is the foundation on which business strategies and plans are built. Knowing your customers' needs and wants, as well as what they are willing to pay to satisfy those needs and wants, is essential for defending your markets against the incursions of competitors as well as increasing your own profits.

Market intelligence is about developing a picture of a market by using readily available sources of information to understand what is happening in that market and what the likely market potential is for a company's products and/or services.¹

Large companies often invest significant amounts of money gathering and analyzing data about their markets, customers and competitors to better position and price their products and, hopefully, to gain an advantage over their competitors. Such market intelligence is even more vital to success for middle market companies in transition. Yet, those companies often lack an organized process for gathering and analyzing basic market data. How can middle market companies develop better market intelligence?

Here are 5 market intelligence techniques any business can use to increase its sales.

1. Analyze existing customers for additional sales opportunities.

Clearly defining who your customers are and what they want or need will allow you to focus your sales and marketing resources on those companies that need and are willing to purchase your products and/or services. For **companies in transition**, sales are frequently concentrated in larger accounts, which may be shrinking or no longer growing, while customers or customer segments with growth potential are under-served.

One of the best ways to understand existing customers' needs is to ASK them. For major customers, these conversations must be conducted by the owner/CEO or another senior manager. For large numbers of smaller customers, an email or web-based survey may be more effective. Include a sample of all customers in your analysis. Ask them questions like:

- Why do they buy your company's products or services?
- Why are they not buying other products or services that your company offers?
- What other products or services would they be willing to buy if you offered them?
- What would it take for the customer to buy more of your company's products or services?

¹ Market intelligence can be developed from both internal and external sources. **Internal sources** include customer databases, order histories, surveys and interviews, web site traffic analyses, and discussions with your sales and customer service representatives. **External sources** include analyst reports, market statistics, company financial details, trade magazine and newspaper articles, suppliers, and competitor and trade association web sites.

Use a well-designed survey-type questionnaire to track and record customer responses to aid in compilation and analysis, especially if the conversations are to be conducted by several individuals. And take the time to distill the results into a written summary. Writing the summary is often the catalyst for identifying key insights.

2. Define the product/service offerings with the greatest potential for sales growth.

Companies frequently overlook the potential to expand smaller product or service lines in their efforts to maintain the sales of their currently dominant products or services. They fail to realize that today's "big sellers" rarely provide tomorrow's sales growth. Start by:

- Analyzing recent company and industry sales trends,
- Reviewing data from sources such as Harte-Hanks for information technology,
- Reviewing trade journals for new product trends and ideas, and
- Participating in trade associations and industry conferences.

For your existing customers who purchase these products or services, determine what is driving their purchasing decisions (see above) and identify the business benefits those customers expect to derive from purchasing those products or services.

Carefully assess the potential returns for any additional investments which you must make to expand your sales in these areas. Then develop targeted marketing messages to communicate these new benefit opportunities to your customers and train your salespeople to focus on these benefit opportunities during sales calls.

3. Look for new customers who are likely to buy these product/service offerings.

At this point in the process, you should have a better understanding of your customers' real needs and a short list of products or services with high growth potential which can be targeted to specific existing customer accounts. Using the combination should lead to increased sales.

Offer your high-growth products or services to prospective customers by:

- Profiling the types of companies most likely to need those offerings,
- Assembling a database of the companies in your market area that fit the profile,
- Developing marketing messages and programs to attract their attention and build awareness so that you will be first in line when they are ready to buy, and
- Training your salespeople to recognize and capture these sales opportunities.

These activities require continuous effort and focus. Keys to success include establishing processes which you can sustain; distilling, codifying, and disseminating the information; and regularly inspecting for improved results.

4. Analyze significant competitors for obstacles and openings.

Simply identifying competitors by name is just the first step. You also want to understand:

- What are their strengths and weaknesses?
- Do they have market leading products or services, or do they lead with the lowest price?
- Which ones do you compete against most frequently?
- What is your win/loss record against each competitor? Why did you win or lose?

A better understanding of your key competitors will allow you to:

- Target your efforts to your best opportunities,
- Sharpen your presentations and sales pitches,
- Combat objections and counter competitor arguments, and
- Improve your win/loss ratio.

Even a modest improvement in your win/loss ratio can have a significant positive impact on the level of your sales, not to mention your operating profits.

Begin by profiling your most significant competitors:

- Review their web sites for capabilities, product/service offerings and case studies.
- Collect their presentations and debrief prospects and customers whether you win or lose.
- Obtain Dun & Bradstreet or other third-party reports as well as press clippings.
- Conduct customer surveys.
- Establish a central competitor information file and make it available to all staff members; encourage them to review it frequently and add to it.

For each competitor, distill key information into a summary profile which highlights:

- Their market position, strengths and weaknesses versus your own;
- Your strategic advantages and how to exploit them in sales situations; and
- Your relative vulnerabilities and how to defend them when required.

Then use this information to focus your sales and marketing resources on those prospective customers most likely to be receptive to your product or service offerings relative to those of your competitors.

The competitive landscape is constantly changing. As with customer and product assessments, keep the processes simple and sustainable, ensuring regular reviews of your competitive situation.

5. Re-assess your target markets.

Earlier techniques have emphasized understanding your company's customers and key competitors. However, if your target markets are too small or narrow, knowing who your best customers and prospects are and skillfully pitching against well-understood competitors may not be sufficient to meet your sales goals. Consider using a "reverse engineering" process:

- **What sales levels and growth rates do you need to achieve to reach your goals?**

Those goals, and the related timeframes, may include current income targets or desired valuations in the event of a sale of the business.

- **How much growth is likely to come from existing customers and products/services?**

In making these assessments, be realistic and preferably conservative. Nothing is gained by counting on things that are not likely to happen.

- **How large is the gap between what you have and what you need?**

If the gap is modest, incremental business development activities, more salespeople or more advertising may be sufficient. For many companies in transition, however, the gap may be very large requiring more radical solutions or re-thinking your goals.

- **What are the opportunities to expand existing product or customer circles internally or externally (via acquisitions)?**

Think broadly here. Significant opportunities often lie just outside your normal circle of thinking. Brainstorming with your managers, employees, customers, and suppliers can expand that circle and thus extend the list of promising opportunities for consideration.

- **What resources do you need to develop and execute a reasonable plan?**

Focus on developing **actionable plans** which your company can execute with its existing resources or for which additional resources can be acquired at an acceptable cost.

Healthy, growing businesses are built through the consistent execution of well developed strategies which in turn are based on a thorough understanding of the available market opportunities. Regularly gathering and analyzing market intelligence can help you increase your company's sales in the short-term and develop a road map for longer-term growth.

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