Blindsided by Invisible Competition

In many industries, agile competitors and emerging players are always out to change the dynamics, structure or rules of the game. Some introduce new technologies, while others form alliances, mergers or partnerships to put up a stronger, more formidable front. Oftentimes, the complacent players will be caught by surprise and lose whatever advantages they used to wield.

But there is hope. With a competitive intelligence (CI) system, a firm can actively monitor or keep tab on competitors and avoid negative surprises. Yet even the nature of competition has evolved in recent years.

As a matter of strategy, companies need to be constantly aware of and prepared against their invisible competition.

Simply tracking the salient data of a competitor's products, its sales, or even its recent movements in the market is not enough to stay one step ahead.

There is now a need to also take cognisance of ongoing shifts in the market, general direction and plans of current players, potential impact of disruptive technologies on the industry, and competitor M&A plans, in order to paint a clearer picture of emerging competitive dynamics.

With a good CI program in place, companies can begin to think differently about competition. More than focusing only on recent and past player actions, companies should instead decipher their intentions over the near- and medium-term, including possible mergers, collaboration or acquisitions that could redefine the business arena.

For instance, who would even expected that the merging of US petroleum companies Exxon and Mobil will form one of the biggest oil players in North America? Or did any of the other players see the merger of German automaker Daimler-Benz with American car manufacturer Chrysler to create Daimler-Chrysler? In the ever-fluid pharmaceutical industry, it would have been tough for the competition to see the joining of forces between French drug-makers Sanofi and Aventis to form one of today's biggest pharmaceutical companies in the world.

Just in March this year, shareholders of CVS Health, a drug-store chain, acquired health insurer Aetna for US $69 billion. This has puzzled both competition and consumers on what the effects are going to be on the American healthcare system.

Competitors who diligently monitor movements and plans of large players would have surmised or gleaned the intentions of both firms in such a deal, and consequently would have drawn up contingency plans in order to remain competitive in the face of this merger of giants.

Yet it seems that on many occasions, market and business analysts are slow to figure out that a merger will occur and what the impact of this will be on the industry and other players.

Protecting the Blindside

As a matter of strategy, companies need to constantly be aware of and prepared against their invisible competition.

This can be achieved in 4 ways:

(1) **Proactively scan the immediate competitive arena** and peripheral industries for mergers, partnerships, joint ventures, alliances, and collaborations among key players;

(2) **Identify and track emerging companies** within the business ecosystem and related industries;

(3) **Investigate and understand evolving new technologies** and its potential impact on the industry; and

(4) **Form a shadow competition team** that gathers and shares competitive insights and information, develop implications to the business, suggests improvements or changes that need to be considered by management, and get important competitive conversations going around the company.

Inevitably, most companies suffer from competitive blind-spots. Yet this can be minimized through a well-functioning competitive intelligence system that helps the organisation to stay alert for both threats and opportunities brought about by competitor mergers or alliances. This system can also enhance the firm's ability to reduce new product development cost, minimise product failures, hasten market entry, increase the company's value proposition to customers, enhance shareholder value, pave the way for global expansion, and open up new business opportunities.

Wise and agile firms will pick up the learnings and success stories in these mergers, acquisitions, and key market movements in order to develop new growth ideas. Rather than find ways of stopping the market foray by emerging competition, the resultant intelligence should instead spur creative brainstorming to proactively generate recommended options for the company to withstand the challenge.

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