



# Data Intelligence: Worth Its Weight In Gold

In 2014/15 the UK's waste management sector was worth an estimated £14bn, but how does it translate to your business? How much of the waste pie is yours for the taking? **Katherine Burden** and **Martyn Poessinouw** discuss the important role that market intelligence can play within the strategic decision-making process

**P**icture the situation – you have just developed a new product and are itching to launch, or perhaps you have your sights set on expanding into the European market; you can see your competitors are, so why not you too? But before you set the wheels in motion and place an order for next year's flagship trade show or sign on the dotted line for an extensive marketing campaign, ask yourself this: have you done your homework? If asked, could you confidently answer questions such as "how big is your market?", "who are your competitors?" or "what's the best route to market for your product or service?"

Whilst these may appear like sound and rational questions that all businesses (large or small) should have answers to, alarmingly it is not always the case with many businesses still choosing to rely on "gut instinct" as opposed to hard facts. Whether it's down to a lack of time, money or perhaps just that people don't want to hear that "their baby" doesn't have a place in the market, businesses don't always take the necessary steps to fully understand the many external factors that are inherently driving the success, or perhaps failure, of their business.

## Market intelligence – the power of data

Market intelligence can provide the key to unlocking this information, arming forward-thinking businesses with accurate and informed intelligence to support the development of market opportunity, market penetration and market development strategies.

Put simply, market intelligence (not to be confused with market research, which typically focuses on customers and customer preferences) is used to explore the external business environment (ie industries, markets and other competitive factors). Applicable to any business, market intelligence, if carried out correctly, can yield a significant return on investment – either through increased revenues or by simply avoiding a bad investment decision.

## Market data – targeting growth whilst reducing risk

As many of us continue to battle budget and resource constraints, decision-makers, perhaps now more than ever, need to demonstrate that planned investments are both reasoned and well informed. Market intelligence provides a robust evidence base that strategically targets growth, helping to reduce the risks and uncertainties associated with investments. Typical market metrics/measures to understand include:

- market size and share – whilst knowing the total value of the UK's waste management sector can be a useful starting point, this figure quickly becomes meaningless if you are unable to uncover the finer details. Understanding the true size of your particular market is a crucial benchmark, helping you to assess your success in relation to the competition.
- market availability – understanding the market that is realistically available to your business helps you to

validate your market position and develop informed growth strategies. Done correctly, market availability should be calculated with an understanding of the size and maturity of your business, as well as taking into consideration standard factors such as competition, geography and capacity constraints etc.

- growth trends – whether it's the introduction (or removal) of policies or fluctuating commodity prices, market conditions will change, and you need to be prepared for this. Annual growth forecasts for the sector are an estimated three percent, a welcome boost for the industry if you consider the UK's overall inflation rate.<sup>2</sup> However, remain mindful of the fact that this is an average figure and depending on where you sit within this average (0.7-7.6 percent) the opportunities for growth may not look as appealing.
- exports/imports – understanding both export and import data not only allows you to identify potential threats to your domestic market from foreign imports, but can be a useful tool to understanding the global market place, helping to answer questions such as "what is the total value of exports for my product?", "where are my competitors exporting to?" or "what are the top 10 destinations for service?"
- competitors – it can be easy to forget about the competition, many of us are so focused on driving sales, growing profits and increasing market share that we forget to look over our shoulder. Understanding the competitive landscape helps to stay one step ahead, ensuring that you don't lose your position in the marketplace.

#### Who can benefit from market intelligence?

The short answer to this is everyone. All businesses need robust market intelligence on a routine basis, regardless of whether it relates to existing or new products or existing or new markets. This is true of spin-outs, start-ups, SMEs or corporates. Typical examples of how market intelligence can assist a company's development include:

- an exporter of solid recovered or refuse derived fuel seeking suitable routing options in order to secure capital investment
- a large technology company looking to attract £100m investment in a new nanotechnology water filtration and desalination process
- mid-sized air purification systems manufacturer looking to identify new international markets for its existing products
- business support agency assisting companies to access new sources of funding and new markets
- a university spin-out company focused on carbon trading, wishing to validate its business plan and secure funding

- a multi-national environmental consultancy investigating opportunities to increase market share and to enter new country markets.

#### Joining the dots – sourcing reliable data:

For many, knowing where to source reliable data can be a daunting task, but it needn't be. With the arrival of "big data" more and more information is becoming available to us, it's just a case of knowing where to find it and then joining the dots. Key routes to consider include the national statistical approach, the trade/industry approach and multi-sourced approach.

As the national score keeper and holder of all things statistical, the Office of National Statistics can be the first port of call for many of us, offering access to consistent and credible data (the national statistical approach). Holes do however emerge as you start to "dig deep", as the immortal self-classification method (SIC codes) struggles to keep up with evolving sectors, with many codes no longer providing a true representation of market experiences. The "national" also defines the limitations in regards to international markets.

Trade associations, chambers and business support organisations can provide higher levels of accuracy, usually drawn from in-house data collection and surveys (the trade/industry approach). However, this can take many years to develop and may be limited by the size and spread of the membership. Once again, this approach can fall short in measuring international markets.

And finally, the multi-sourced approach. In contrast to the first two approaches, bespoke research that uses multiple rather than single data sources has the advantage of being flexible, rapid, objective and can provide the much needed international market dimension. This means that it is possible to quickly analyse detailed product and service offerings, regional and global markets, growth trends, domestic market size, levels of imports/exports as well as other market demand factors.

And finally... all market information can be invaluable and the sources for this information are increasing daily. If you are not basing your decisions on market intelligence, then your competitors may be. Whilst market information is not difficult to find, analysing it is, and last but not least... when found, good market intelligence can be worth its weight in gold. ■

#### References

1. Refers to the figure quoted in the standfirst: total value of goods and services produced for the UK waste management, recycling and recovery market in 2014/15 (kMatrix).
2. Estimated growth rate for the UK waste management, recycling and recovery market in 2014/15 (kMatrix)



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