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Finland

Competitor Monitoring Necessary in International Operations

Anneli Pirttilä, an expert in competitor monitoring, says that over the past few years both technological development and internationalisation have increased the significance of competitor monitoring. Pirttilä has been involved in competitor monitoring for some ten years and currently she works as a Dean of Business Economics at the South Carelia Polytechnic. Esmerk Quarter asked Pirttilä for pointers on competitor monitoring.

When did competitor monitoring come about?

– There has been competitor monitoring as long as there has been news coverage. However, systematic competitor monitoring has become more common only recently as the tools have developed. Also, the amount of public, free information has increased. Competitor monitoring has become easier and more interesting.

– With the help of commercial services it is for instance possible to follow the operations of one specific corporation in China or the USA. Using the services is cheaper than doing it with your own resources.

Do all companies need competitor monitoring?

– That depends greatly on the field of operation. If the company runs any kind of international operations it will benefit from competitor monitoring as it is necessary to respond to competitors' actions. If the company runs only local operations it might not have a need for

systematic competitor monitoring or news services.

How to begin competitor monitoring?

– It pays off to start small. One of the most common mistakes is that competitor monitoring



Anneli Pirttilä works as a Dean of Business Economics at the South Carelia Polytechnic.

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covers a huge number of companies. The corporate management and experts should together specify the key competitors. Trend level is enough for reviewing the general business environment.

Which are the best sources?

– The most valuable source of information is the company’s own organisation, especially the sales department and product development personnel. It is worthwhile to utilise the know-how within the company’s own organisation as efficiently as possible, in addition to external sources. The Internet has increased the amount of information available and information can be retrieved rapidly and often free of charge. However, the Internet is not necessarily a reliable source. In commercial data services the information is screened in some way before it is published. It is always important to remember criticism of sources.

What else does successful competitor monitoring require?

– One important factor for success is that all key groups are involved in the work. Only then competitor monitoring is extensive enough. People do not always come to think of it to share their knowledge

with others. Sometimes keeping back information is intentional, as information is power. The personnel have to understand that spreading information is beneficial for their work.

Can competitor monitoring fail completely?

– Yes it can, and there are several warning examples. The greatest threat is that the company starts with sophisticated analysis and monitoring but does not pay enough attention to the goals and results. Interesting little details which could prove highly important to decision makers may be lost if the information is too condensed. Sometimes a little piece of information may be important, not an impressive analysis.

Do companies understand the importance of competitor monitoring?

– Yes they do, and they are prepared to invest resources in competitor monitoring. In Finland competitor monitoring is relatively highly developed, and there are several good examples also in Sweden and the USA. Finnish companies use several technical facilities in competitor monitoring.

What is the future like for competitor monitoring?

– Competitor monitoring develops alongside new information technology. The Internet and news services are also improving. New facilities have increased the amount of information available thus the significance of content production will grow. ■

KIRSI AUTIO
TRANSLATED BY SANNA TERMONEN

Anneli Pirttilä has worked as a Market Intelligence Manager in the Finnish forest industry group UPM-Kymmene where she designed methods for competitor monitoring. Now she works as a Dean of Business Economics at the South Carelia Polytechnic. Pirttilä has recently published a book in Finnish on competitor monitoring and that was also the subject of her Doctoral Thesis.

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Sweden

Lifestyle Trends, a Competitive Device

The market for hygiene paper products is characterised by intense competition between several brands and large rivals. To follow trends and living habits, and also to identify future demand is therefore important for Swedish SCA Hygiene Products that competes with companies such as Procter & Gamble and Kimberly-Clark.

SCA utilises future-focused market analysis in order to study future scenarios within current operations and to discover new business opportunities. Esmerk is a part

of SCA Hygiene Product's worldwide monitoring.

– SCA Hygiene Products must act swiftly to survive in competition with multinational giants. This sentiment was expressed by **Marianne Söderlund-Tassinari**, Market Controller of SCA Hygiene Products consumer division, during a Business Intelligence seminar in Stockholm on 25 October 2000. – It is also important to follow trends outside one's own branch, she continued. For example, SCA Hygiene Products follows youth fashion and habits.

Intensive product development

SCA Hygiene Products is the largest business unit within SCA and it has the highest growth rate within the group. SCA's sales of tissue and hygiene paper products cover more than 40 countries. Developing new products is a central part of SCA's operations, a means of strengthening the competitive edge. Söderlund-Tassinari revealed at the seminar that some months prior to the launch of a new product in 1999 SCA Hygiene Products learned that their largest competitor was to release a new product in another European country. This could have changed SCA's plans for their launch. With the help of intensive

worldwide monitoring SCA learned of the product in question and the competitor's launch was no longer a threat.

Monitoring of lifestyles and trends contributed to the launch by SCA Hygiene Products of a totally new panty liner product in 1999. It took competitors a year to catch up, Söderlund-Tassinari points out.

Limitations of the Internet

According to Söderlund-Tassinari, information is not only a source of power it is also a source of confusion. – Too much information prompts the question as to whether we should direct ourselves towards knowledge archiving or knowledge management. The Internet as a resource to search for information has its limitations as only 30% of its content has been indexed. Reliability of the information should also be questioned. One should be extremely sceptical of the source of information on the Internet and always double-check the facts.

Demands on the suppliers of news

It is important to select the right supplier of external information. Söderlund-Tassinari considers extensive geographical coverage as well as monitoring of products, markets and competitors necessary criteria in specification of demands. In addition to fair price and possibility to receive adhoc reports, service standards and the supplier's flexibility are essential. – It is an important factor to be able to amend the monitoring profile as the world and needs change. ■

ANNA SVENSSON
TRANSLATED BY PETER SIMPSON

– It is important to follow trends outside one's own branch, says **Marianne Söderlund-Tassinari**, Market Controller of SCA.



Russia

Tightening Competition on the Growing Juice Market



In a race to quench thirst for vitamins, Russians have increased their consumption of fruit juices. Domestic producers have flooded the market with drinks of tropical fruit as well as traditional Russian fruit and berries available in colourful and attractive packaging. The local producers are competing for a share of consumers' funds with foreign pioneers by offering quality products at competitive prices.

One of the latest additions to the local market is a St. Petersburg based Troya-Ultra, one of five production units of the Troyard industrial group. A holder of 16% of the St. Petersburg juice markets and 1,5% of the national juice markets, Troya-Ultra started production in autumn 1999. Its brands Troya Zolotaya (Golden Troya), Dolka (Orange segment) and Sokovichok (Juice man) have become widely known thanks to the implementation of aggressive marketing strategy.

Troya-Ultra aims to increase market share

– The company has ambitious plans to conquer 10% of the national market in 2001, says **Vladimir A. Matveev**, Managing Director of Troya-Ultra. To succeed in this task, Troya-Ultra is building a nationwide distribution chain that will include representative offices in major Russian cities. It also plans to promote the brands heavily throughout Russia.

Production capacity of Troya-Ultra's plant totals 300,000 tons of juice per day. Over USD 8 million has been invested into technology of the plant which is

equipped with machinery by Tetra Pak, Atlas Copko and Veessmann.

Among special features of the Russian market which affect juice consumption Matveev names low average income level and living standards which are 8–10 times worse than the ones in Europe. However, at the same time, a substantial group of consumers who buy juices on a regular basis has emerged. Among the main motives of juice consumption are



- In our company we pay special attention to gathering and analysing information as a basis for managerial decision-making, says Vladimir A. Matveev, Managing Director of Troya-Ultra.

their wholesomeness and the organic nature. Juices have become a part of the lifestyle of many young Russians.

Gathering market information

Troya-Ultra uses information services, including Esmerk, for gathering market information. The information is used by the managerial team at various levels. Information research is used widely also at product development stage. The company spends 6% of its marketing budget for market research purposes, and the figure is growing.

– Esmerk service gives us an opportunity to take a look at the market environment, including competitors, new technologies and trends in the juice and related markets, in Russia and abroad, as well as the overall development indicators on the Russian market, Matveev says. – Esmerk services are a basis for new business ideas, aims, projects and investment.

For the moment, the company distributes its products in Russia, Belarus, Ukraine and the Baltic States. However, according to Matveev, thanks to being located in St. Petersburg at the crossroads between Russia and Europe, the company might expand its international region of coverage. ■

YEKATERINA LEVOCHSKAYA

Next Quarter will be published in May.

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