

The Perceived Economic Value of Competitive Intelligence by Decision Makers

Researchers from the Department of Information and Knowledge Management in Haifa University have recently examined the relationship between the decision maker's perceived risk, investment risk propensity, information absorptive capacity and the perceived value of competitive Intelligence in an experimental approach by studying the economic behavior of 125 middle level managers from different Israeli companies.

The experiment consisted of 2 business scenarios based on real business situations reflecting different risk levels (high vs. low). The participants could gain access to miscellaneous specially-prepared competitive Intelligence information offered – The items varied by information source, price schemes (pay vs. free), price range, content area (SWOT, consumers' surveys, industry regulation report, industry trends reports, marketing & sales offerings analysis reports etc.)

In addition, the participants were required to complete two questionnaires measuring their individual investment risk propensity and individual information absorptive capacity.

By measuring the WTP (Willingness -To-Pay), the researchers (Daphne Raban and Lior Koren) concluded that: (1) correlation between the perceived risk and WTP is significant, i.e. participants were willing to pay more for competitive Intelligence information items when perceived risk was higher, (2) correlation between the perceived risk and willingness to consume competitive Intelligence information is significant, i.e. participants bought more competitive Intelligence information items when the perceived risk level of the business situation was higher, (3) No significant correlation was found between individual investment risk propensity nor individual information absorptive capacity and WTP nor willingness to consume competitive Intelligence information.

This research shows that situational factors (such as perceived risk) have a more profound impact on decision makers' WTP and willingness -to-consume competitive Intelligence information than personal factors (such as risk propensity or information absorptive capacity).

The experiment approach designed by the researchers can be easily customized to examine other information and economic behavior factors.