COMPETITIVE INTELLIGENCE AND MARKETING EFFECTIVENESS OF CORPORATE BUSINESS ORGANIZATIONS IN NIGERIA

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ABSTRACT

This study assessed the empirical analysis of competitive intelligence on the marketing effectiveness of corporate organizations in Nigeria. Competitive intelligence is the gathering of relevant information that facilitate continuous forecast of sales, resulting in competitive advantages. The study used a survey research method. The sample size for the study was one hundred and thirty-three respondents of which only one hundred and eighteen was retrieved, and the probability technique adopted was the stratified random sampling technique. Data was obtained both from primary and secondary sources. The questionnaire being the key instrument for the generation of data was used to generate primary data. The statistical tools used for testing the two null hypotheses were the Pearson product moment correlation and the T-test. It was discovered that there was a significant positive relationship between competitive intelligence and organizational profitability. Based on this organizations are encouraged to setup a competitive intelligence unit or department in their organization in order to have a competitive advantage.
Keywords: Competitive intelligence, marketing effective, Corporate business, sales

INTRODUCTION

Over the past decades particularly the turn of the millennium, competitive intelligence has evolved from a small area of interest into an internally recognized area of discipline, different from mental or cognitive and emotional intelligence, competitive intelligence focuses on monitoring the competitive environment with the objective of providing actionable intelligence that will provide a competitive edge to the organization. Marketing effectiveness simply defines the way organizations enters the market with the aim of optimizing profit and minimizing cost to achieve better results. This study is intended to x-ray the impact of competitive intelligence on corporate organizations in Nigeria.

Profit is generally believed to be one of the key factors that make people to setup business organization. However the organizations as a corporate entity is faced with a plethora of needs and money is held as the means of meeting the present day challenges of organizations. To this end there is little empirical work on the impact of competitive intelligence and the subsequent effect on the organizational objectives. This study is intended to fill that gap by analyzing the down stream impact of competitive intelligence in the organization. The main objective of this study is to examine how effective will organizations adopting competitive intelligence as a strategy will be effective that its a step ahead of competitors. Thus other objectives are:

- To examine issues that can hinder the use of competitive intelligence as a strategy.
- To ascertain as to what extent poor application of competitive intelligence could prevent organization from achieving set objectives.
- To determine how the application of competitive intelligence could help in achieving organizational goals

The following null hypotheses have been formulated to give insight into the study.

Ho_1: There is no significant relationship between the application of competitive intelligence and profitability of the organization.

Ho_2: There is no significant relationship between competitive intelligence and operational efficiency of the organisation.

COMPETITIVE INTELLIGENCE

According to Thompson (2003), Competitive intelligence is gathering relevant information that facilitate continuous forecast of sales, resulting in competitive advantages in terms of better production planning and less inventory stockpiles". It allows manufacturers to improve supplier selection and learn about competitors process technologically. Competitive intelligence is not just market research or business environmental scanning. Competitive intelligence is a process of identifying and knowing what the competitor is up to and staying one step ahead of them by gathering information about competitors, ideally applying it to short and long - term strategic planning process.

Wright (2002) has differentiated competitor intelligence from competitive intelligence. According to him, competitor intelligence is defined as those activities by which company determines and understands its competitors, determines and understands their strength and weaknesses, and anticipates their moves. Competitive intelligence on the other hand extends the role to include consideration of competitor responses to consumers' or customers' needs and perceptions and ones own responses in the strategic decision making process. Put differently competitive intelligence is the purposeful and coordinated monitoring of your competitor wherever and whoever they may be within a specific market place, your competitors are those firms which you consider rivals in business and with whom you compete for market share.

Competitive intelligence also has to do with determining what your business rivals will do before they do it. Strategically, to gain foreknowledge of your competitors plans, and to plan your business strategy to counter their plans, as it is expected, this will involve many methods at the tactical collection level, but it will also require integration into your existing information infrastructure analysis and distribution of the information and finally, the calculation of business decisions on the grounds of that information and the analysis of same. Competitive intelligence is usually composed of five major areas of endeavour and is performed under two main approaches or framework as given by Arik (2000). These are: Assessment of strategies; Competitors perceptions; Effectiveness of current operations; Competitors capabilities; Long- term market prospect.

APPROACHES TO COMPETITIVE INTELLIGENCE

Tactical intelligence: is generally operational and on a smaller scale not so centered on being predictive. Tactical issues include competitors' terms of sales, their price, policies and the plans they have for changing the way in which they differentiate one or more of their products from yours.

Counter intelligence: is defending company secrets. Every firm has competitors who are interested in knowing your plans as you are also interested in knowing theirs. Often, this area of endeavour will involve security and information technology but others are often over looked, such as hiring strategies to contain competitors opportunities within the firm. Business, like life, is merely a series of decision and global firms have a growing need for the necessary information on which to base decisions and development of each of their firm's strategic objectives and the protection of their organization against threats from their competitors. Arik (2000) further gives seven questions to be answered prior to making investment decisions on competitive intelligence. These are:

- What do we need to know?
- What do we already know?
- Why do we need to know it?
- When do we need to know it?
- What will we do with the intelligence once we have it?
- What could it cost not to get?
- What will it cost to get?

THE CONCEPT OF MARKETING EFFECTIVENESS

The Wikipedia free encyclopedia (2006) defines marketing effectiveness as the function of improving how marketers go to market with the goal of optimizing their marketing strength to achieve even better results for both the short-term and long term objectives. There are four basic dimensions of marketing effectiveness according to (Nwokah, M. 2006; Nwokah, L. and Ahiazu, 2008). These are:

Corporate: each company operates within certain bounds. These are determined by their size, their budget and their ability to make organizational change. Within these bounds marketers operates along five factors.

Competitive: each company operates within a frame work. In an ideal world, marketers would have perfect information on how they act as well as how their competitors act. In many industries, competitive marketing information is hard to come by.

Customers: understanding and taking advantage of how customers make purchasing decision can help marketers improve their marketing effectiveness. Groups of customers act in similar way leading to the need to segment them. Based on these segments, they make choices based on how they value the attributes of a product and the brand, in return for price paid for the product.

Exogenous factors: these are many factors outside the immediate control that can impact the effectiveness of marketing activities. These can include weather, interest rates, government regulations and many more. Understanding the impact these factors can have on consumers can help us to design programmes that can take advantage of these factors or mitigate the risk of these factors if they take place in the middle of our marketing campaigns. These are five factors driving the level of marketing effectiveness that marketers can achieve (Nwokah, M. 2006; Nwokah, L. and Ahiauzu, 2008).

Marketing strategy: improving marketing effectiveness can be achieved by employing a superior marketing strategy. By positioning the product or brand correctly, the product/ brands. Even with the best strategy, marketers must execute their programs properly to achieve extraordinary results.

Marketing creative: Even without a change in strategy, better creative can improve results. The introduction of new creative concept in an organization can increase growth rate.

Marketing execution: by improving how marketers go to market, they can achieve significantly greater results without changing their strategy or their creative execution. At the marketing mix level, marketers can improve their execution by making small changes in any or all of the 4ps (Product, Price, Place, and Promotion) without making changes to the strategic position or the creative execution marketers can improve their effectiveness and deliver increased revenue. At the program level marketers can improve their marketing campaigns better.

Marketing infrastructure: improving the business of marketing can lead to significant gains for companies. Marketing agencies, budgeting, motivation and coordination of marketing activities can lead to improve competitiveness and improved results.

Exogenous factors: Generally, out of the control of marketers, external or exogenous factors also influence how marketers can improve their results. Taking advantage of seasonality, interests or the regulatory environment can help marketers improve their marketing effectiveness.

METHODOLOGY

Research design is the programme that is meant to guide the researcher in the process of collecting and interpreting data (Nachmias, K. and Nachmias, D., 1989). In this study the researchers used the descriptive survey method. This method would allow for the collection of data that will help to confirm the authenticity of the hypothesis earlier formulated. Questionnaires were designed and distributed to persons relevant to the study. This study adopted the stratified random sampling technique to arrive at the sample. Being a heterogeneous population, the Yaro Yamen formula was used to determine the sample size (Olanye 2006).

$$n = \frac{N}{1 + N(e)^2}$$

where:

N = Population

n = Sample

e	=	Level of significance
n	=	133

The reliability of the instrument was determined by using the test re-test procedure. On that note, a standard sample of 20 of the questionnaire was first administered on the population, which was retrieve within an interval of two weeks. The research hypotheses would be tested using the descriptive statistical methods such as simple percentage, the Pearson product moment correlation coefficient and student's t-test. One hundred and thirty-three questionnaires were administered but one hundred and eighteen was retrieved. This was as a result of the fact that some of the respondents were not found in their respective places after several calls.

RESULTS AND DISCUSSION

Table 1: Relationship between competitive intelligence and profitability.

	Agree	Undecided	Disagree
The application of competitive intelligence as a marketing strategy will enhance profit.	109(92%)	2(2%)	7(6%)
Competitive intelligence will not lead to espionage.	76(64%)	13(11%)	29(25%)
Competitive intelligence will increase the returns on investment for stakeholders	97(82%)	5(4%)	16(14%)

Table 2: Items for hypothesis one above

X point	5	4	3	2	1
1	53	56	2	4	3
2	49	27	13	20	9
3	56	41	5	9	8
Total	158	124	20	33	20

N/B: The totals divided by three gives the Y-responses

Y- response	53	41	6.6	11	6.6

Table 3: Ranking of Application of Competitive Intelligence and Profitability

Variables	X point	Y Response	XY	X^2	Y^2
SA	5	53	265	25	2809
A	4	41	164	16	1681
U	3	6.6	19.8	9	44
D	2	11	22	4	121
SD	1	6.6	6.6	1	44
Total	$\sum x = 15$	$\sum y = 118$	$\sum xy = 477$	$\sum x^2 = 55$	$\sum x 4699$

Correlation Coefficient (r) =

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - \sum(x)^2 \left(n\sum y^2 - \left(\sum y\right)^2\right)}}$$

$$r = \frac{5(477) - 15(118)}{\sqrt{5}(55) - 225 - 5(4699) - (118)^2}$$

$$r = \frac{615}{692} = 0.88$$

The value above indicate a strong relationship between the two variables.
Testing for significance of the relationship between the independence and the dependent variables.

The t-test statistic was used and the formula is t - cal $t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$

With n - 2 Degree of Freedom
Where:
r = correlation coefficient
n = number of paired observation i.e. 5

$$t = \frac{0.88\sqrt{3}}{\sqrt{1-0.88^2}} = \frac{1.52}{0.47} = 3.23$$

Therefore, the calculated t value is 3.23 from the t-table the critical value of t with (5-2) degree of freedom at 0.05 level of significance is 2.35.

Table 4: Relationship between competitive intelligence and operational efficiency.

	Agree	Undecided	Disagree
The use of competitive intelligence will improve quality of product	91(77%)	4(3%)	23(20%)
The application of competitive intelligence will increase the market share of the organisation	74(63%)	12(10%)	32(27%)
Competitive intelligence will help the organization to reduce waste of materials	88(75%)	4(3%)	26(22%0

Table 5: Items for hypothesis two above.

			X point		
	5	**4**	**3**	**2**	**1**
1	56	35	4	9	14
2	47	27	12	18	14
3	61	27	4	11	15
Total	164	89	20	38	43
N/B: Dividing the totals by 3 gives the Y responses					
Y- response	54.6	29.6	6 .6	12.6	14.3

Table 6: Ranking of Application of Competitive Intelligence and Operational efficiency

Variables	X point	Y Resp.	XY	X2	Y2
SA	5	54.6	273	25	2981
A	4	29.6	118.4	16	876
U	3	6.6	19.8	9	44
D	2	12.6	25	4	159
SD	1	14.3	14	1	204
Total	$\sum x = 15$	$\sum y = 11\varepsilon$	$\sum xy = 450$	$\sum x^2 = 55$	$\sum x = 4264$

Correlation Coefficient (r)

$$r = \frac{5(450) - 15(118)}{\sqrt{5}(55) - (15)^2 - 5(4264) - (118)} \quad = \quad \frac{485}{608} \quad = \quad 0.80$$

The coefficient of 0.80 indicates a strong relationship exist between the dependent variables and the independent variables.
Testing for the significance of the relationship between the independent and dependent variables

The t-test statistic was used and the formula is t-cal $t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$

$$t = \frac{0.80\sqrt{3}}{\sqrt{1 - 0.64}} \quad = \quad 3.14$$

With n - 2 Degree of freedom
where r = correlation coefficient
n = number of paired observation i.e. 5
Therefore, the calculated t value of 3.14 is greater than the t-table i.e. the critical value of t with (5-2) degree of freedom at 0.05 level of significance which is 2.35.

CONCLUSION

Since $t_{cal.}$ is greater than $t_{critical}$ value, it implies rejecting the null hypothesis which says there is no significance relationship between competitive intelligence and profitability. Since t_{cal} is greater than t_{table} it implies rejecting the null hypothesis which says there is no significance relationship between competitive intelligence and operational efficiency. Based on the outcome of the findings the following recommendations are made;

1. Business organizations are encouraged to setup a competitive intelligence unit or department with the mandate of regularly monitoring the activities of their competitors.
2. Organizations intelligence team should be well motivated to enable them analyze the customers need, seek to satisfy them, and try to adapt the products to these needs, react to competitors actions and responses
3. Management should also work in collaboration with other employees in the organization and share information about customers and competitors with their, employees
4. Management most consistently motivate and monitor its intelligence team so that it will analyze the customers needs, seek to satisfy them, and try to develop the products to meet these needs
5. Management should collaborate with employees in the organization to share information and thought about customers and competitors

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