



# MARKET INTELLIGENCE GENERATION AND COMPANY PERFORMANCE

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**Abstract :** The competitive business environment has made market intelligence a necessary activity of business organisations striving for continuity. A company that adopts a resource-based approach is not yet well equipped for competition without giving due regard to change, a prominent feature of the business environment. This study investigated how market intelligence generation, conceptualised as customer intelligence generation and competitive intelligence generation, influenced the performance of two food and beverage manufacturing companies in Oyo State, Nigeria. The study was conducted based on a survey research design involving 163 employees of the companies. The questionnaire was used for data collection. Data analysis was based on descriptive and inferential statistics. Descriptive statistics produced mean and standard deviation values to statements relating to market intelligence generation and company performance while inferential statistics involving regression analysis was the basis for testing the hypotheses of the study and for determining the effects of market intelligence generation and its components on company performance. The results revealed that market intelligence generation and its components, customer intelligence generation and competitive intelligence generation, had positive effects on performance. However, customer intelligence generation exhibited a higher positive effect on performance. The results established that market intelligence generation was a means of projecting business continuity and enhancing the performance of the studied companies. The recommendation that followed indicated a need for the studied companies to put in more effort in competitive intelligence generation especially in relation to researching competitors' strengths and weaknesses in order to increase the chances of increasing their market shares.

**IndexTerms** - Company performance, Competitive intelligence generation, Customer intelligence generation, Market intelligence generation

## INTRODUCTION

The chances of business continuity in competitive environments get smaller the more their operators remove focus from generating market intelligence. That is to say, giving little attention to market intelligence generation has potential to contribute to business failure. The companies carrying out business in the food and beverages sector in Nigeria face high-level competition. The necessity for market intelligence stems from competition that business organisations face in the marketplace and the need to offer better products that fulfill customers' needs. Change is a prominent feature of the business environment. A company carrying out business in competitive environments has a need to be evaluating its strengths and weaknesses relative to competitors' strengths and weaknesses and a need to be projecting future opportunities and threats on a continuous basis. It needs to adopt not only a resource-based approach but also to be aware of what competitors are doing, how they are doing it, the resources at their disposal, and the type of technology they are using.

This study investigated the effects of market intelligence generation (comprising customer intelligence generation and competitor intelligence generation) on two companies in the food and beverages sector. The companies combine activities and resources to produce goods that are offered for sale in order to earn profit. Profit motive places demand on companies to continually explore means of meeting customers' needs. It requires ensuring efficient and effective internal functioning by the management of companies as well as being sensitive to what competitors are doing by ascertaining the status quo in the marketplace. This means that gaining knowledge of customers and competitors' activities requires collecting data from within and outside companies for analysis and decision making.

### 1.1 Objectives of the Study

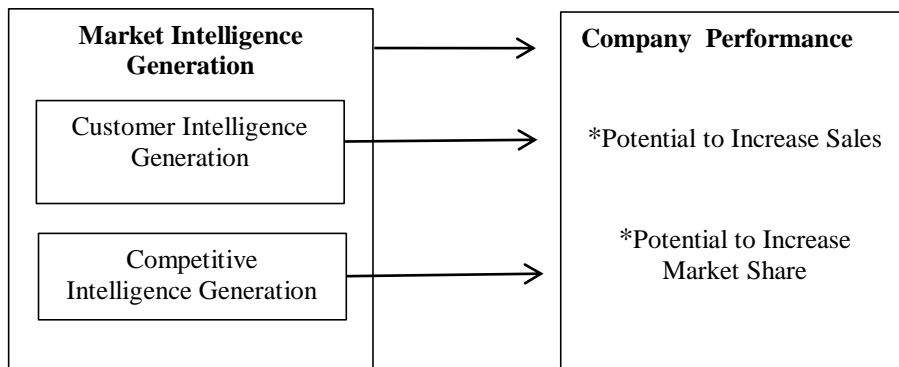
The broad objective of this study was to determine the effect of market intelligence generation on company performance while the specific objectives were to assess the effect of customer intelligence generation on company performance and also examine the effect of competitor intelligence generation on company performance.

### 1.2 Hypotheses of the Study

The hypotheses of this study are:

- H<sub>01</sub>: Market intelligence generation has no significant effect on company performance
- H<sub>02</sub>: Customer intelligence generation has no significant effect on company performance
- H<sub>03</sub>: Competitor intelligence generation has no significant impact on company performance

**Figure 1:** Conceptual framework of market intelligence generation and company performance



Source: Researcher, 2023

### 1.3 Model of the Study

$$CP = \alpha + \beta_1 KI + \beta_2 CI + \varepsilon \quad \dots\dots\dots (1)$$

Where

$\alpha$  = CP-intercept

KI = Customer intelligence generation

CI = Competitive intelligence generation

$\beta_1$  and  $\beta_2$  = Coefficients

$\varepsilon$  = Standard error of the estimate

## LITERATURE REVIEW

### 2.1 Conceptual Review

#### 2.1.1 Company Performance

Company performance refers to the extent of achieving set goals by a company. Measures of company performance can be financial or non-financial. Financial performance measures can be percentage increase in sales, return on equity (ROE), and return on asset (ROA) while non-financial measures can be increase in customer satisfaction and improvement in corporate image.

#### 2.1.2 Market Intelligence Generation

Market intelligence generation refers to the collection of data from internal and external sources and the analysis of the collected data by companies for the purpose of making decisions bothering on producing better products and rendering better services in order to fulfill the needs of customers. Market intelligence generation is a feature of market-oriented companies. Companies that show interest in maintaining close customer relationship and gathering information to guide strategic decision making are said to be market oriented (Slater et al., 2010). Market intelligence, in this study, consists of customer intelligence and competitive intelligence.

#### 2.1.3 Customer Intelligence Generation

Customer intelligence generation “is the process of collecting and analyzing detailed customer data from internal and external sources to gain insights about customer needs, motivations and behaviors” (Awati n.d). A company that has information that gives knowledge about customers’ needs and buying behaviour has a better chance of adequately meeting the needs, increasing customers’ satisfaction, and enhancing loyalty. Internal sources of customer data include company employees, salespeople, and any feedback as a result of interaction with customers. External sources of customer data include market research surveys, focus groups, comments about products and services on social media, and website metrics such as page-views and number of visits (Awati n.d).

## 2.1.4 Competitive Intelligence Generation

Woods (2023) defined competitive intelligence as the practice of gathering strategic data on competitors and the market environment to enable an organisation make decisions that improve business performance. The results of the analysis of competitive-intelligence data enables an organisation to gain insights into competitors' strategies such as competitors' social media presence, brand positioning, and pricing strategy.

Competitive intelligence is a process that involves ascertaining what competitors are doing by collecting and analysing data the competitors for use in decision making. Competitive intelligence has also been defined as obtaining information about the present and future behaviour of competitors, suppliers, customers, technologies, government, market and the general business environment (Wright et al., 2009). Much competition in the marketplace makes organisations to adopt competitive intelligence as a means of searching for new ways of creating and sustaining competitive advantage (Adidam et al., 2009). Gaining competitive advantage enhances company performance in a number of ways such as boosting sales and increasing profit, and achieving sustained competitive advantage for a company.

## 2.2 Theoretical Review

The theoretical base of this study is on dynamic capabilities theory. Dynamic capabilities theory was proposed by Teece and Pisano (1994) for explaining dynamic developments in the business environment based on the perception that a resource-based strategy of developing valuable technology and guarding it with intellectual property rights was not enough to maintain competitive advantage. Teece et al. (1997) indicated that dynamic capabilities, defined as adapting, integrating, and re-configuring internal and external organisational skills, and functional competencies, are necessary to enable a firm make quick response to change and remain competitive in the marketplace characterised by changing conditions. Internal competencies, in this study, are seen as emanating from operational competencies bothering on factors such as tangible and intangible resource capabilities while external competencies relate to factors such as relationship with suppliers and influence of economic conditions on business. Proponents of dynamic capabilities theory (Senge, 1990; Zott, 2003) posit that for a firm to remain competitive in the marketplace, it needs to develop special capabilities and continuous learning. Commenting on dynamic capabilities of a firm, Gnizy et al. (2014) indicated that a firm that lacks dynamic capabilities finds it hard to maintain competitive advantage in a business environment where change takes place. However, Zahra et al. (2006) indicated that dynamic capabilities have the potential not to result in enhancing organisational performance if there is no need for an organisation to develop them. The relevance of dynamic capabilities theory to this study stems from the relationship of the theory with organisational performance in a business environment where change is a prominent feature. An empirical study by Hung et al. (2010) reported positive effects of dynamic capabilities and organisational performance.

## 2.3 Empirical Review

### 2.3.1 Market Intelligence Generation and Company Performance

A number of empirical studies on market intelligence generation have investigated the relationship between the predictor variable and company performance. Vishnoi et al. (2019) studied how marketing intelligence influenced performance and reported positive relationships between marketing intelligence and performance through mediating variables, customer relationships, customer satisfaction, and customer loyalty. A study by Setiyaji et al. (2022) determined how customer orientation affected organisational performance. The study was based on 150 customers of information and telecommunication company in Indonesia. Regression analysis based on SMART-PLS was used to determine relationship between predictor and outcome variables. The results indicated that customer orientation had significant and positive effect on customer relationship practices which subsequently had effect on product performance and customer satisfaction.

Anzigale and Lewa (2020) studied the influence of competitive intelligence on organisational performance based on a sample size of 94 employees of an oil company in Mombasa, Kenya. The results of the study indicated that competitive intelligence practices had a statistically significant and positive influence on non-financial performance of the company. Specifically, tactics competitive intelligence, defined as generating and analysing information that support the daily operation of the firm, had insignificant positive effect on performance ( $\beta = .114$ ,  $t = .409$ ,  $p > .05$ ); target competitive intelligence, assessing the competencies of a set of identified competitors, their current and future activities, and their commitment to a market segment, had significant positive effect on performance ( $\beta = .970$ ,  $t = 6.684$ ,  $p < .05$ ); while technology competitive intelligence, an assessment of a firm's ability to innovate in order to gain competitive advantage, had insignificant positive effect on performance ( $\beta = .351$ ,  $t = 1.439$ ,  $p > .05$ ). Another study by Waithaka (2016) determined the effect of competitive intelligence practices on the performance of listed firms on Nairobi Securities Exchange. Regression analysis was used to determine the effect of competitive intelligence on performance. The findings of the study indicated that competitive intelligence practices had positive and statistically significant effects on the firms' performance as follows: tactics-oriented competitive intelligence ( $\beta = .229$ ,  $t = 4.026$ ,  $p < .05$ ), target-oriented competitive intelligence ( $\beta = .132$ ,  $t = 3.879$ ,  $p < .05$ ), and technology-oriented competitive intelligence ( $\beta = .150$ ,  $t = 3.535$ ,  $p < .05$ ). Among the suggestions made was that the managers of the listed firms should train employees in order to equip them with better methods of collecting and analysing competitive-intelligence data as a means of enhancing the chances of gaining competitive advantage. Amiri et al. (2017) conducted a study on competitive intelligence and the development of sustainable competitive advantage. The study involved a sample survey of 123 middle and senior managers working in an insurance company in Tehran. The results indicated that competitive intelligence had a positive effect on competitive advantage. The conclusion of the study was that establishing intelligence units that collects, analyses, and shares competitive intelligence information obtained from internal and external environments by companies was necessary for gaining competitive advantage.

## RESEARCH METHODOLOGY

This study was conducted based on a survey research design. Data collection was carried out with questionnaire from a population of 460 employees of a food and beverage manufacturing company in Oyo State, Nigeria. The sample size was calculated from Slovin's formula,  $n = N/(1+Ne^2)$ , where  $n$  represents the sample size,  $N$  represents the population of study, and  $e$  is the error margin. With 5 percent error margin, the sample size,  $n = 460/[1+460(0.05)^2] = 214$ . However, data analysis was based on 76 percent response rate. Descriptive statistics produced mean and standard deviation values for the statements relating to customer intelligence generation and competitive intelligence generation. The responses were measured on a four-point scale ranging from strongly agree, 4, to strongly disagree, 1. Inferential statistics, based on multiple regression analysis, was the basis for determining the effects of market intelligence generation on company performance.

## RESULTS AND DISCUSSION

**Table 1: Market Intelligence Generation Descriptive Statistics**

Statement	N	Minimum	Maximum	Mean	Std. Deviation
Company determines customers' need before producing good for the market	163	1.00	4.00	3.2454	.86132
Company measures customers' satisfaction at intervals	163	1.00	4.00	3.0859	.89855
Company disseminates information to customers relating to how its products can meet their needs better	163	1.00	4.00	3.2822	.79744
Company develops new products at intervals as a means of enhancing customers' satisfaction	163	1.00	4.00	3.1411	.93543
Company makes projection into future needs of customers and puts measures in place to fulfill them	163	1.00	4.00	3.2025	.81770
Information sharing relating to competitors' activities takes place in the company	163	1.00	4.00	2.9632	.96794
Company frequently estimates competitors' strengths and weaknesses	163	1.00	4.00	2.9018	.99514
Company frequently researches competitors' performance	163	1.00	4.00	3.1411	.83057
Company projects future strategies of competitors and puts measures in place to outperform them	163	1.00	4.00	2.9693	.92579
Company projects future trends in technology and puts proactive measures in place	163	1.00	4.00	2.8773	1.01089
Valid N (listwise)	163				

**Source:** Author's Computation, 2023

Table 1 shows mean and standard deviation values of statements relating to market-intelligence-generation practices in the companies. Higher mean values indicate higher levels of market-intelligence-generation practices in the companies.

**Table 2: Company Performance Descriptive Statistics**

Statement	N	Minimum	Maximum	Mean	Std. Deviation
Determining customers' need before producing goods for the market has potential to increase sales	163	1.00	4.00	3.1166	.87059
Measuring customers' satisfaction at intervals has potential to result in processes that increase sales	163	1.00	4.00	3.2883	.78350

Disseminating information to customers relating to how products can meet their needs better has potential to increase sales	163	1.00	4.00	2.8896	.96868
Developing new products at intervals as a means of enhancing customers' satisfaction has potential to increase sales	163	1.00	4.00	3.3374	.67788
Projecting into future needs of customers and putting measures in place to fulfill them has potential to increase sales	163	1.00	4.00	3.1104	.84624
Information sharing relating to competitors' activities in the company has potential to increase market share	163	1.00	4.00	3.2393	.78437
Frequently estimating competitors' strengths and weaknesses has potential to result in processes that increase market share	163	1.00	4.00	2.9509	.91492
Frequently researching competitors' performance has potential to result in processes that increase market share	163	1.00	4.00	2.9264	.95941
Projecting future strategies of competitors and putting measures in place to outperform them has potential to increase market share	163	1.00	4.00	3.1902	.78215
Projecting future trends in technology and putting proactive measures in place has potential to increase market share	163	1.00	4.00	3.3374	.67788
Valid N (listwise)	163				

**Source:** Author's Computation, 2023

Table 2 depicts mean and standard deviation values of statements relating to market-intelligence-generation practices that had potential to contribute to company performance. Higher mean values indicate practices that had higher potential to contribute to company performance.

**Table 3: ANOVA**  
ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2443.863	2	1221.931	3306.888	.000 <sup>b</sup>
Residual	59.122	160	.370		
Total	2502.985	162			

a. Dependent Variable: Company Performance

b. Predictors: (Constant), Competitive Intelligence Generation, Customer Intelligence Generation

**Source:** Author's Computation, 2023

It is shown in table 3 that customer intelligence generation and competitive intelligence generation are significant predictors of company performance [ $F(2,160)df = 3306.888, p < .05$ ]. Therefore, null hypothesis 1, market intelligence generation has no significant effect on company performance, is rejected at 5 percent level of significance.

**Table 4: Coefficients**  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1 (Constant)	1.702	.202		8.427
Customer Intelligence Generation	.538	.040	.571	13.380
Competitive Intelligence Generation	.366	.037	.427	10.006

a. Dependent Variable: Company Performance



**Source:** Author's Computation, 2023

It is shown in table 4 that customer intelligence generation has positive effect on company performance ( $\beta_1 = .538$ ,  $t = 13.380$ ,  $p < .05$ ). This indicates that null hypothesis 2 is rejected at 5 percent level of significance. It is also shown in table 4 that competitive intelligence generation has positive effect on company performance ( $\beta_2 = .366$ ,  $t = 10.006$ ,  $p < .05$ ). Therefore, null hypothesis 3 is rejected at 5 percent level of significance.

**Table 5:** Model Summary of Predictors of Company Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.988 <sup>a</sup>	.976	.976	.60787

a. Predictors: (Constant), Competitive Intelligence Generation, Customer Intelligence Generation

**Source:** Author's Computation, 2023

Table 5 gives indication that 97.6 percent variation in company performance is explained by variations in customer intelligence generation and competitive intelligence generation.

A rejection of the null hypotheses of this study implies that market intelligence generation had positive effects on company performance. The components of market intelligence generation had positive effects on company performance. In other words, customer intelligence generation had the potential to yield increases in the sales of the companies while competitive intelligence generation had potential to increase the market shares. However, customer intelligence generation showed a higher positive effect on performance. The relationship between market intelligence generation and company performance is given by:

$$CP = 1.702 + .538KI + .366CI \quad \dots\dots\dots (2)$$

## CONCLUSION

This study investigated how market intelligence generation influenced company performance from the perspectives of customer intelligence generation and competitive intelligence generation. The results of the study indicated that market intelligence generation had positive effects on the performance of the studied companies. Components of market intelligence generation - customer intelligence generation and competitive intelligence generation also had positive effects on the performance. However, customer intelligence generation showed a higher positive effect. Market intelligence generation is, therefore, a means of projecting business continuity and enhancing performance in a volatile business environment. The outcome of this study suggests a need for the studied companies to put in more effort in competitive intelligence generation especially in relation to researching competitors' strengths and weaknesses in order to increase the chances of achieving greater increases in market share.

The results of this study are similar to the results of studies conducted by Anzigale and Lewa (2020), Waithaka (2016), and Amiri et al. (2017). Anzigale and Lewa (2020) studied the influence of competitive intelligence on organisational performance based on a sample size of 94 employees of an oil company in Mombasa, Kenya. The findings indicated a statistically significant and positive influence of competitive intelligence practices on non-financial performance of the company.

Waithaka (2016) determined the effect of competitive intelligence practices on the performance of listed firms on Nairobi Securities Exchange. Regression analysis was used to determine the effect of competitive intelligence on performance. The results of the study revealed that competitive intelligence practices had positive and statistically significant effects on the firms' performance.

Another study by Amiri et al. (2017) on competitive intelligence and the development of sustainable competitive advantage involved a sample of 123 middle and senior managers working in an insurance company in Tehran. The findings indicated that competitive intelligence had a positive effect on competitive advantage.

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