



## International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournal.com>

© Serials Publications Pvt. Ltd.

Volume 15 • Number 21 • 2017

### The Effect of Competitive Intelligence on Effectiveness of Marketing Strategies of Refah Bank of Hamedan, Iran

Mohammad Hossein Tahmasebi<sup>1</sup>, Freidoon Salimi<sup>2</sup> and Mohammad Azim Khodayari<sup>3</sup>

<sup>1</sup>M.A., Department of Management, Islamic Azad University, Malayer Branch, Iran. Email: [botahmasebi@gmail.com](mailto:botahmasebi@gmail.com)

<sup>2,3</sup>Pb.D., Instructor, Department of Management, Islamic Azad University, Malayer Branch, Iran. Email: <sup>2</sup>[Freidoon.salimy@yahoo.com](mailto:Freidoon.salimy@yahoo.com),

<sup>3</sup>[Mkhodayari52@gmail.com](mailto:Mkhodayari52@gmail.com)

#### ABSTRACT

This article aimed to study the effect of Competitive Intelligence (CI) on the effectiveness of marketing strategies of Refah Bank of Hamedan, Iran. This quantitative article is an applied, descriptive-correlational study. The statistical population consisted of 109 employees working in Refah Bank of Hamedan, Iran in 2016. A sample of 86 was selected using Krejcie & Morgan table and simple random sampling. Data were collected using two questionnaires: 12-item Fahi Competitive Intelligence Questionnaire and 24-item Kotler Marketing Strategies Questionnaire. The reliability was reported 0.92 and 0.96 for CI and marketing strategy effectiveness, respectively. The results of regression analysis showed that CI had a positive, significant effect on marketing strategies. All dimensions of Organizational Intelligence (OI) (understanding of competitors, technology and technical knowledge, knowledge of market conditions, and strategic and social awareness) were able to predict the effectiveness of marketing strategies. Strategic and Social Awareness was the most effective factor in marketing strategies.

**Keywords:** Competitive Intelligence, Marketing Strategy Effectiveness, Strategic and Social Awareness.

#### 1. IMPORTANCE AND REASONS FOR CHOOSING THE TOPIC

Today, organizations need new tools for decision making in the highly competitive environment for the economic survival. CI is one of these tools, rapidly growing worldwide among countries. It is becoming a criterion to help managers of companies and organizations in their wise decisions (Shahri Majarshin and Reihani Tash, 2014). CI is a process during which the information is the product. Its major mission is to support the decision-making processes, commonly performed by executive managers. CI is a very important tool in management processes and strategic planning, which enables companies and organizations to forecast

what occurs in competitive environment. Therefore, tracking, understanding, and reacting to competitive environment and market can be considered a special feature of marketing strategies and activities (Ahiuzu & Nwokah, 2012). Marketing strategies are a set of integrated options in relation to how to create value in long term. Therefore, business environment must be considered to evaluate the effectiveness of marketing strategies. This is performed by CI (Pirayesh and Pour Vahideh, 2012). The studies by Danesh Fard (2009), Sardari and Suleimani (2009), Mohammadi (2012), Boroumand and Mir Hussein (2013), Hussein and Saeedi (2014), Fahi (2007), Nelk (2014), and Hakanson (2015) showed that CI can enhance the attitudes of employees towards the competition process and adoption of marketing strategies. Iranian banking industry is heading competitiveness in recent decades. Therefore, the competition is very difficult and complex in banking system and draws the ever-increasing complex condition of the market in the future. This has something with the fact that foreign banks are not along with the existing banks. If banks do not consider the competition and logical and wise solutions, they will gradually be removed from the field of competition. During recent years, most Iranian banks have launched marketing and marketing departments, showing the importance of competition in banking system. Undoubtedly, we will face an intense competition. Therefore, considering the existing shortcomings in the Iranian banking system and inefficiency of the branches of banks, it is essential to institutionalize the CI in banks and use appropriate tools and techniques in order to increase the marketing effectiveness. Thus, the necessity of CI is obvious to reduce the decision-making risk. The article aimed to analyze the competitive information in Refah Bank of Hamedan, Iran in order to better identify the marketing strategies and obtain better results in business of the bank. In general, CI has become the subject of debate in numerous service organizations including banks. With changes in rules and regulations, the start of credit institutions and private banks, and new technologies in service providing, the Iranian banking industry, along with other industries in recent decades, heading competition and showing pre-active reactions to competitive environment. With reference to competition in banking service markets, the emergence of private banks one after another, and the presence of foreign banks in near future, banks, as the economic pillars of economy, must consider effective marketing activities (Venus and Safaeian, 2011). Effectiveness of marketing strategies can have the greatest impact on the success of banks. There is a significant conflict among the researchers and theorists on what factors can affect the effectiveness of marketing. This article aimed to investigate a new dimension of effectiveness of marketing strategies. Therefore, the main question outlined here is as follows: Is CI effective in marketing strategies of Refah Bank of Hamedan, Iran?

## 2. RESEARCH HYPOTHESES

**Main Hypothesis:** CI had a positive, significant effect on marketing strategies of Refah Bank of Hamedan, Iran.

**Secondary Hypotheses:**

1. Understanding of competitors had a positive, significant effect on marketing strategies of Refah Bank of Hamedan, Iran.
2. Technological and technical knowledge had a positive, significant effect on marketing strategies of Refah Bank of Hamedan, Iran.
3. Knowledge of market conditions had a positive, significant effect on marketing strategies of Refah Bank of Hamedan, Iran.

4. Strategic and social awareness had a positive, significant effect on marketing strategies of Refah Bank of Hamedan, Iran.

### **3. THEORETICAL PRINCIPLES**

#### **Competitive Intelligence (CI)**

CI has internal and external components, mainly associated with the classification of Business Intelligence and Competitive Intelligence. CI is used for solving short-term and long-term problems, while knowledge management is mainly used for long-term profitability problems. According to the professional guide by SIS, consulting industry is to implement and use CI. In other cases, market research, financial services, production, software, telecommunications, pharmaceutical and medical centers, and audits have shown that CI is valuable in strategic planning (Hylton, 2003). CI has a close relationship with business intelligence, knowledge management, and artificial intelligence. Similar to other intelligence principles, CI consists of collection, analysis, and management. CI has an internal and external impact, mainly relying on external information for the analysis based on opinions. CI relies on certain number of methods for knowledge and information, analysis, and management. For example, the construction in competitive intelligence community is mainly planned for 3-5 years for forecasting internal and external tendencies. Changes in the environmental conditions can affect organization, providing the possibility of developing various scenarios for decision making for preparing the ground for new conditions.

Professional Association of Competitive Intelligence: competitive intelligence forms an important part of the workforce in organizations. Competitive intelligence department can be placed in different departments including strategic plan, business development, production development, research and development, market analysis and development, and HR. The key purpose of CI is maintaining competition in organizations in proper information conditions and creating the preparedness in advanced stages for organizations against challenges. Therefore, organizations can continue their prosperity by CI (Kelin, 2004). When CI helps the key inputs to guide strategic planning process, a symbiotic relationship is established with strategic planning. Here, the organizations would move towards disclosure without CI. In other words, when you do not know where to go, you would take every path. As a result, CI, similar to other major types of intelligence, needs to be used to shape what is known as strategic intelligence. When people hear the term "CI", they think of a spying feature. Although it might be true in some cases, it is, in fact, a concept associated with improving the decision-making abilities by developing the systematic plan for taking and analyzing external or internal information and knowledge. CI focuses on external vision. Some, however, believe that CI can respond the internal visions (Marco, 2002). Knowledge management and business intelligence have a close relationship with CI. Knowledge management controls how to be better in knowledge power inside and outside the organization in relation with customers and stakeholders. Especially, most cultures accept knowledge sharing. For example, the study by Jonathan Calof in the University Of Ottawa, Canada welcomed knowledge sharing, while France and England did not follow this opinion. Similarly, business intelligence is associated with accepting and sharing internal information for a wide access for the organization. Knowledge management and business intelligence have a close relation with CI (Davenport & Probst, 2002). CI plays a similarly. Monitoring opponents helps you to be more prepared for the game plan. For example, as a tennis player, you might be aware that your competitor is weak at racket and has problem with foot pace in the match. CI helps you plan a win approach by considering the

weaknesses. Other external factors must be taken into account, too. For example, if there is strong wind today, you might hit weaker beats if being against wind direction. Wind slows the ball speed. You can take advantage of environmental conditions using the wind force and win over your competitor. Design and implementation are different in terms of the concept. If you have an optimal CI-based strategy but not able to implement it well, you are less likely to succeed (Marco, 2002). CI is as easy as collection, analysis, development, management, knowledge collection, analysis, and development of a solution based on the combination of results, strategy management, and expectations. Gilad, author of one of intelligence theories, notes that: "CI is the sum of knowledge a company has for the competition and it is the result of the analysis of a large volume of information which bombards companies on a daily basis. This knowledge provides a detailed image of the current and future of competition for managers for better decision making (Gilad, 1999). According to the theory of Fuld, CI is the alarming signals in terms of opportunities and threats (Fuld, 2005). In the study by Fuld, firm business is believed not to be the only output of database and necessarily massive reports. CI cannot be considered spy or information theft (Fuld, 2005). According to the opinions of two researchers, CI is the art of exploring, collecting, processing, and storing information for shaping the future and coping with the threats of competitors (Rouach & Santi, 2001).

#### **4. MARKETING STRATEGY**

The main focus of marketing strategy is the allocation of marketing resources and coordination of activities in order to supply the company's operational goals in terms of certain product. Therefore, the main theme of marketing strategy is determining specific target markets for a certain product. Then, based on needs and demands of customers, companies look for creating competitive advantage and synergy in target markets using marketing mix (Vaker et al., 2004). Porter believes that strategies enable organizations to take advantage of three different bases of competitive advantage: cost leadership, distinctive products or services, and the focus of attention to certain products and services. Porter called them Generic Strategy. In cost leadership, companies manufacture standard services and products so that the cost reduces for the customer, who is sensitive to the price. Distinctive product strategy means the provision of products and services known as unique ones for customers, who are not much sensitive to the price. Focusing attention to certain services and products means that the needs of a small group of consumers are supplied. According to the Panay ideas, the starting point of strategy is segmentation strategy focus. Market segmentation is a process during which a market is divided to distinctive sub-sections of customers with equal needs and characteristics. Since the customers in each section have similar needs and demands, they respond similarly to a marketing scheme and certain product (Shahrudi and Gholi Zadeh Touhani, 2006).

#### **5. METHODOLOGY**

This is an applied, descriptive-correlational study. A quantitative study was performed to collect the data. The statistical population consisted of 109 employees working in Refah Bank of Hamedan, Iran in 2016. A sample of 86 was selected using Krejcie & Morgan table and simple random sampling. Data were collected in the field using two questionnaires.

- (A) **Competitive Intelligence Questionnaire:** 12-item Fahi (2007) Competitive Intelligence questionnaire is used to measure the independent variable of CI. The items are scored on a 5-option Likert scale (1 = Very Low, 2 = Low, 3 = Somewhat, 4 = High, and 5 = Very High).

The questionnaire has four dimensions: understanding of condition, technological and technical awareness, market condition awareness, and strategic and social awareness.

- (B) **Marketing Strategy Questionnaire:** 24-item Kotler (1997) Marketing Strategy Questionnaire was used. The questions are scored on a 5-option scale (1 = Very Low, 2 = Low, 3 = somewhat, 4 = High, and 5 = Very High). It consists of technological and organizational strategies.

Since CI and Marketing Strategy questionnaires are standard and were used in numerous studies, their validities are acceptable. However, the comments of esteemed experts were taken into account. Table 1 shows the Cronbach's Alpha on a sample of 30.

**Table 1**  
**Cronbach's Alpha**

<i>Variable</i>	<i>Cronbach's Alpha</i>
Competitive Intelligence	0.92
Understanding of Competitor Conditions	0.78
Technical and Technological Awareness	0.8
Awareness of Market Conditions	0.83
Social and Strategic Awareness	0.85
Marketing Strategy	0.96
Technological Strategy	9.93
Organizational Strategy	0.92

## Findings

Prior to the hypothesis testing, Kolmogrov-Smirnov test was performed for data normality.

**Table 2**  
**Data Normality**

<i>Variable</i>	<i>Z Stat.</i>	<i>Sig. Level</i>
Competitive Intelligence	1.031	0.238
Effectiveness of Marketing Strategies	0.775	0.586
Understanding of Competitor Conditions	1.448	0.08
Technical and Technological Awareness	1.538	0.068
Awareness of Market Conditions	1.32	0.061
Social and Strategic Awareness	0.216	0.104

According to above table, the significance level is greater than 0.05. Therefore, the data are normal. As a result, parametric tests are justifiable to be used. Univariate regression was used for the hypothesis testing. Pre-conditions of regression analysis was performed and confirmed. The pre-conditions were:

1. Correlation between the criterion and predictor variables: Pearson correlation test was used.
2. A linear relationship between the criterion and predictor variables: Transmittal diagram was used.
3. Model determination: Adjusted R Square was employed in this regard.

4. Independence of Errors: Durbin-Watson test was performed.
5. Standard regression residual normality: Histogram diagram was used.
6. Model significance investigation: ANOVA was used to investigate the F stat.

**Table 3**  
**Results of Hypothesis Testing**

<i>Hypothesis</i>	R	R <sup>2</sup>	<i>Adjusted R<sup>2</sup></i>	<i>Durbin-Watson</i>	<i>F Stat.</i>	<i>Beta</i>	<i>T Stat.</i>	<i>Sig.</i>	<i>Result</i>
Main	0.726	0.527	0.522	1.865	93.703	0.726	9.68	0.001	Verified
1 <sup>st</sup> Secondary	0.442	0.195	0.185	1.626	20.356	0.442	4.512	0.001	Verified
2 <sup>nd</sup> Secondary	0.664	0.441	0.434	1.657	66.206	0.664	8.137	0.001	Verified
3 <sup>rd</sup> Secondary	0.709	0.503	0.497	1.739	84.973	0.709	9.218	0.001	Verified
4 <sup>th</sup> Secondary	0.703	0.495	0.489	1.646	82.18	0.703	9.065	0.001	Verified

According to the above table, significance level of T stat. is less than 0.01. Therefore, at 99% confidence level, CI and its dimensions are claimed to be effective in marketing strategies. Therefore, the hypotheses were verified and null hypotheses were rejected.

**Table 4**  
**Regression Coefficients for prioritizing the effect of CI dimensions on Marketing Strategies**

	<i>Non-Standard Coefficients</i>		<i>Standard Coefficient</i>	<i>T Stat.</i>	<i>Sig. level</i>
	<i>B</i>	<i>Standard Error</i>	<i>Beta</i>		
Fixed Value	0.758	0.27	-	2.81	0.006
Understanding of Competitor Conditions	0.098	0.099	0.099	0.99	0.325
Technical and Technological Awareness	0.219	0.118	0.246	1.865	0.066
Awareness of Market Conditions	0.243	0.121	0.267	2.01	0.48
Social and Strategic Awareness	0.322	0.322	0.384	3.12	0.003

According to above table, Awareness of Market Conditions and Social and Strategic Awareness can predict the effectiveness of marketing strategies; however, other dimensions of CI cannot concurrently predict the effectiveness of marketing strategies. According to Beta, Social and Strategic Awareness was found to be the most effective factor in the effectiveness of marketing strategies, followed by the Awareness of Market Conditions.

## 6. CONCLUSION

The main hypothesis was to investigate the effect of CI on the effectiveness of marketing strategies of Refah Bank of Hamedan, Iran. The results indicated that CI had an effect on the effectiveness of marketing strategies of Refah Bank of Hamedan, Iran. In fact, increasing employees' CI promotes the effectiveness of marketing strategies. In this regard, the by studies by Danesh Fard (2009), Sardari and Suleimani (2009), Mohammadi (2012), Boroumand and Mir Hussein (2013), Hussein and Saeedi (2014), Fahi (2007), Nelk (2014), and Hakanson (2015) showed that the results were consistent with ours because they all indicated that CI increases the attitudes of employees towards the process of competition and marketing strategies adoption. CI enables the employees and organization to be aware of competitors, existing technology



and techniques, social approaches, and the condition of target market by relying in their own abilities and intelligence. CI is similar to key inputs to guide the process of strategic planning. Here, the organizations would move towards disclosure without CI. Similar to other types of intelligence, CI is used to form the organization's marketing strategy by senior employees. CI is used to display and clarify the competitive environment. Employees with great CI collect data and information related to the competitive environment and activities of competitors and converts them to marketing strategies. Employee CI enables organizations to make timely and wise decisions. Their wise decisions can enhance the qualitative level of effectiveness of marketing strategies.

Since the first secondary hypothesis was to investigate the effect of understanding competitor conditions on the effectiveness of marketing strategies of Refah Bank of Hamedan, Iran, the results indicated that it was found to be effective in marketing strategies. In fact, enhancing the awareness of competitors promotes the effectiveness of marketing strategies. Understanding the competitions of competitors can update the service provision and tries to exceed the competitors, leading to the promotion of motivation. Employees with great CI use the threats of competitors as opportunities for progress and take advantage of them for increasing the effectiveness of marketing strategies. Paying attention to the activities of competitors can provide useful information for different aspects of work.

Since the second secondary hypothesis was to investigate the effect of technical and technological awareness on the effectiveness of marketing strategies of Refah Bank of Hamedan, Iran, the results indicated that it was found to be effective in marketing strategies. In fact, enhancing technical and technological awareness promotes the effectiveness of marketing strategies. Technical and technological awareness of employees can thrive the creativity and innovation. In other words, employees with great CI in terms of technical and technological awareness will apply updated techniques and technologies for increasing the efficiency of themselves and accordingly the organization. Such awareness causes the use of updated technologies. Therefore, employees consider the best solution and strategies to increase the marketing strategy by exploring the managerial issues and modern marketing techniques.

Since the third secondary hypothesis was to investigate the effect of social and strategic awareness on the effectiveness of marketing strategies of Refah Bank of Hamedan, Iran, the results indicated that it was found to be effective in marketing strategies. In fact, enhancing social and strategic awareness promotes the effectiveness of marketing strategies. Social and strategic awareness of employees can flourish their information in legal, financial, human resource, and political affairs. This, in and of itself, increases their information and change the employees into updated social and strategic knowledge because great level of skill and knowledge of employees in social and strategic issues help the adoption of marketing strategies consistent with pre-defined frameworks. Eventually, wide decisions are made in terms of marketing and competitive topics.

Since the fourth secondary hypothesis was to investigate the effect of market awareness on the effectiveness of marketing strategies of Refah Bank of Hamedan, Iran, the results indicated that it was found to be effective in marketing strategies. In fact, increasing the awareness of market promotes the effectiveness of marketing strategies. It helps the employees to better invest in target markets and become closer to needs and demands of competitive strategic goals. Market is the place where organizations can take advantage and achieve dramatic progress. Increasing awareness of market conditions can help solution and stability in competitive markets. This, eventually, leads to the effectiveness of marketing strategies.

## References

- Ahiuzu, A. I., & Nwokah, N, G. (2012). Managerial competency and Marketing effectiveness in corporate organizations in Nigeria. *J. Manag. Dev*, 27(8), 58-87.
- Boroumand, A.A and Mir Husseinin, S.M. (2013). Competitive Intelligence and Effect of its Performance on Decision-Making, Tehran: 2<sup>nd</sup> National Conference of Solutions on Management, Accounting, and Industrial Engineering in Organizations.
- Danesh Fard, F. (2009). Competitive Intelligence and its related topics, Tehran: 4<sup>th</sup> International Conference of Strategic Management, Nab Group.
- Davenport, T., & Probst, G.(2002). (Eds.) *Knowledge management Case books: Siemens best practice, 2<sup>nd</sup> ed. John Wiley & Sons / publicis corporate publishing*. Bertin.
- Fahey, L. (2007). Connecting strategy and competitive intelligence: refocusing intelligence to produce critical strategy inputs, *Strategy Leadersh*. 35(1), 4-12.
- Fuld, L. M. (2005). *The new competitor intelligence* Wiley, New York.
- Gilad, B.(1999). *Competitive Intelligence: The real Knowledge management*. Knowledge Management, 12, 33.
- Hakansson, C. (2015). Competitive intelligence from start to end. *Competitive intelligence for Information Professionals*, 18, 21-24.
- Husseini, B and Saedi, H. (2014). The Role of Competitive Intelligence on Competitive Advantage Acquiring, Tehran: 10<sup>th</sup> International Conference of Strategic Management, Iran's Strategic Management Society.
- Hylton, A. (2003). *The Knowledge audit*. proceeding of the Knowledge management Aston conference 2003 .Edwards.J.Ed. The operational Research society./Aston Business school .Birmingham .U.K.
- Kelin, s.CI. (2004). *international market assessment; research findings. competitive intelligence magazine*. Society of competitive intelligence professionals. Alexandria .VA.7.5.
- Kotler, P. (1977). From Sales obsession to marketing effectiveness, *Harvard Business Review*, November – December, 67 – 75.
- Marco, D. (2002). *Merta Data and knowledge management: capacity Maturity Model:An Introduction*,[http://www .dmreview .com /editorial /dmreview/print-action-cfm?articleID=5567](http://www.dmreview.com/editorial/dmreview/print-action-cfm?articleID=5567).
- Mohammadi, Z. (2012). Evaluation of Competitive Intelligence Maturity and its Effect on Marketing Intelligence of Hotels (Case Study: 3star and more hotels of Yazd, Iran). M.A. Thesis, Faculty of Management and Accounting, Tehran: University of Allameh Tabatabaee
- Nelke, M (2014). Competitive intelligence. *Strategic Business Development for Information Centres and Libraries*, 25, 19-41.
- Pirayesh, R. and Ali Pour, V. (2012). The Relationship between Competitive Intelligence and Effectiveness of Marketing Strategy of Public and Private Banks of Zanjan Province, Iran, *Business Management*, 2 (12), 1-18.
- Rouach, D., & Santi, p. (2001), Competitive Intelligence Adds Value; Five Intelligence Attitudes?. *European management Journal*, 1,552-559.
- Sardari, A. and Suleimani Bashli, A. (2009). Competitive Intelligence: A Tool in Organization's Strategic Decision Making. Tehran: 4<sup>th</sup> International Conference of Strategic Management, Nab Group.
- Shahroudi, K. and Gholi Zadeh Touchaee, M.R. (2006). Market Segmentation and Review of Previous Studies.
- Shahri Majarshin, A. A. and Reihani Tash, M. (2014). Competitive Intelligence and Competitive Advantage in Success of Trade Organizations, Tehran: 10<sup>th</sup>International Strategic Management, Iran's Strategic Management Society.
- Venus, D. and Safaeian, M. (2011). Applied Methods of Marketing of Service Banking for Iranian Banks, Tehran: Negah Danesh Press, 56, 78.
- Walker, A. et al. (2004). Marketing Strategies with Decision-based Approach. Trans: A'arabi, S.M. and Izadi, D. Tehran: Office of Cultural Studies.