

## Role of Marketing Intelligence by Strategic Function in Organizational Performance: Evidence from Pakistan

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**Abstract:** The purpose of this study is multifaceted; firstly, it aims to explore the extent to which marketing intelligence is utilized within corporate sector in Pakistan. Secondly, this paper measures the role of marketing intelligence by strategic function on organizational performance. Research on marketing intelligence has consequently increased and grabbed the attention of researchers and marketers to leverage marketing intelligence resulting in increased organizational performance for the last decade. The study uses exploratory approach, sample of the study consisted of 145 professionals from 30 companies related to different sectors operating in Islamabad and Rawalpindi, Pakistan. Structural Equation Model (SEM) Technique was used to test the hypotheses. The study found a strong positive relationship between marketing intelligence by strategic function and organizational performance. The study also found that majority of corporate sector of Pakistan have incorporated and utilized marketing intelligence system. This piece of writing has thrown light on the significance of marketing intelligence and its usefulness as a marketing strategy which not only contributes in the existing body of knowledge but also has many managerial implications. The study endorsed the importance of marketing intelligence by strategic function to heading on this fast-paced competition. As for marketing managers in order to formulate policies; marketing intelligence by strategic function provides a leapfrogging approach to outperform in the market place.

**Keywords:** Marketing Intelligence, Competitive Intelligence, Strategic Management, Organizational Performance, Dynamic Markets.

**JEL Classification:** M3; M10

### 1. Introduction

The corporate sector plays a vital role in economic development of any country. Economic development refers to the jolts such as quantitative and qualitative

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changes in the economy. This includes development in human capital, critical infrastructure, environmental sustainability, competitiveness and many more. If we flashback a decade before, corporate sector was enjoying the fruits of entrepreneurial activities as well as invested portfolios. By the time, profits remained buoyant for decades due to monopoly. However, now days we are in a climate where there are a lot of political and economic upheavals and insurgencies especially in developing countries leaving organizations confronting a chaotic environment. All the while, globalization, shifting paradigm of markets across overseas, internationalization, and regrettably, the more fierce economic global recession have lead organizations face a challenging competition in the marketplace.

Not only does the above-discussed scenario affect but there also prevail manifold forces in the industry outside the organization that gruffly influence organizational performance. This includes rivals' position in the marketplace, their tactical and strategic moves, and current and future intentions. Organizations today cannot exist without a clear strategic direction (Lackman *et al.*, 2000). Therefore, understanding competitive intensity is central to shaping organization's profit potential. For this reason, organizations not only need to transform their strategic moves the way to head out these pitfalls but also require a proper channeling of marketing intelligence (MI) by keeping an eye on external environment/competitors about what they are up to and where they stand in the marketplace so as to set strategic directions for businesses. Marketing intelligence provides essential underpinnings for crucial outputs of strategic direction; aimed at increasing internal strength and overall performance of an organization. Marketers acknowledge the need of marketing intelligence for planning organizational marketing strategies in order to gain a competitive advantage over competitors. Numerous studies provide evidence for the importance of marketing intelligence on effective strategic direction (Caudron, 1994; Huster, 2005; Lackman *et al.*, 2000; Wright, 2005).

Numerous such initiatives have already been taken on marketing intelligence and organizational performance. However, this study addresses the construct at strategic levels by analyzing the role of MI by strategic function on Organizational Performance. The following research questions are central to this study:

1. To what extent is marketing intelligence utilized by corporate sectors in Pakistan?
2. What is the role of MI by strategic function on organizational performance?

## **2. Literature Review**

This world has now become a global village where information conveyance has not been a hysterical task as earlier. By the time, it's not possible to not being aware with what's happening outside in the world. Seemingly, it's not possible for organizations to conduct business without being responsive to what's being new in the world at a moment's notice. Organizations necessitate their internal systems to be in alliance with the world just outside their frontiers. Thus, a continuous, systematic, marketing oriented and updated intelligence is required to cope up this predicament. A term most importantly used in business parlance is marketing intelligence (MI). Top managers have increasingly exploited MI since the inception and speedily elevated use of internet and social media. Organizations have brought into play the use of such sort of activities in broader context for gathering information about competitors, customers, and their surroundings. Webster (1992) defined MI as a marketing concept, the focal of which is the strategic partnership management and organizational positioning in a competitive market aiming at delivering superior value to customers.

Kotler and Armstrong (1997), MI is termed as a systematic set of sources and procedures that management use to gather everyday information about pertinent developments in the marketplace. Tan and Ahmed (1984) further validated that MI in its totality is viewed as an ongoing and interacting structure of equipment, people, and procedures to gathering, sorting, analyzing, and distributing timely, accurately and pertinent information to be used by marketing decision makers for overall efficiency and efficacy of business operations. Many researchers including Sammon, Kurland, and Spitalnic (1984); Gilad, (1991); Jaworski and Wee, (1993); Ettorre (1995); (Zikmund (1996); Wee (2001); Cobb, (2003); Huster (2005) supported the concept of MI and endorsed that such actions of corporations enable organizations to get actionable and pertinent information regarding competitors about what they are up to so as to staying one step ahead of them by applying it to short and long term strategic planning.

### **2.1. MI by Strategic Function and Organizational Performance**

Professor Anne Huff highlighted the need for strategic management research to focus on formats and issues meaningful to practitioners; in her 1999 Presidential Address at the Academy of Management Annual Meeting (Huff, 2000). Extending this idea it is suggested that strategic management or strategic marketing management is at the heart of this replica. Today resource allocation is much different and competition is fierce due to scarce resources. Thus, viewing MI in strategic context is required since decision making with respect to strategic facet

has a direct impact on the bottom line (Lackman *et al.*, 2000). Johnson and Scholes (1993) argued that corporate strategy is typically about matching organization’s activities to the environment and its resource capability and above all optimizing current performance. As goals are scattered down into actionable and meaningful objectives, which further divides into tasks such as operational and functional. A basic tenet is drawn that MI influences short and long term planning and adds value to decision making (Lackman *et al.*, 2000).

Prescott and Bhardwaj (1995) emphasized on the effectiveness of MI on planning functions. Lackman *et al.* (2000) argued that MI is one of the most imperative and actionable drivers for both strategy and success in the marketplace. Researches on MI including Sammon *et al.* (1984); Peter (2004); Wright (2005) emphasized on the importance of MI in providing meaningful underpinnings for significant output of strategic management that aims at increasing the long-term strength and well-being of an enterprise relative to its competitors. Furthermore, MI serves quadruplet purposes *i.e.* assesses and tracks competitors, identifies potential opportunities and threats, supports strategic planning, and supports strategic decision making (Caudron, 1994) leaving organizations embracing improved performance and gaining competitive advantage over rivals. Kahaner (1997) further supported MI and sanctioned that those who get involved in MI, adopts a pragmatic approach to their work and hold improved organizational performance. The nexus between MI and organizational performance has been discussed in many studies. The current study investigates these relationships in the context of strategy in corporate sector in Pakistan.

The hypotheses in Table 1 can be developed based on previous theoretical discussion.

**Table 1. Development of Hypotheses**

<b>Hypotheses</b>
<b>Statements</b>
H1 MI by strategic function is positively correlated with organizational performance.
H2 Majority of firms utilize marketing intelligence practices in Pakistan.



**Figure 1. Marketing Intelligence by strategic function and organizational performance**

### **3. Research Methodology**

#### **3.1. Sample and Sampling**

The study is conducted to analyze the influence of MI by strategic function of organizational performance. Moreover, the study aims at finding the extent to which MI is being utilized in corporate sector in Pakistan. This is an exploratory research based on primary data. The primary data is collected from professionals working in different corporate sectors of Pakistan. The sampling population is the employees working in different organizations. A sample of 200 employees and survey questionnaire distribution process was personally administered by the research team. A total of 145 usable survey questionnaires were returned leaving a response rate of 73%. The sampling population consisted of 30 firms operating in different sector in Islamabad and Rawalpindi, Pakistan. The authors used convenience-sampling technique to select respondents. The sample included respondents from genders, diverse backgrounds, and different industries so that results can be generalized. In two phases, the survey was conducted, in first phase the self-explanatory questionnaires were distributed among respondents. In second phase, the questionnaires were collected from respondents after a reasonable time. Moreover, a reminder was also given to respondents to ensure maximum response.

#### **3.2. Measurement and Instrument**

##### **3.2.1. Dependent Variable**

There is one dependent variable in this study. The study analyzes the influence of MI by strategic function on organizational performance so organizational performance is dependent variable in this study. The instrument to measure organizational performance has been adopted from Li *et al.* (2008). The instrument contains 9 items and is measure on 5 point Likert scale (1 for strongly agree and 5 for strongly disagree).

### 3.2.2. Independent Variable

The study analyzes the influence of MI by strategic function on organizational performance so MI by strategic function is independent variable. The instrument to measure MI by strategic function is adopted from Lackman *et al.* (2000). The instrument contains 9 items and is measure on 5 point Likert scale (1 for strongly agree and 5 for strongly disagree). The instrument for analyzing the extent to which MI is being utilized in corporate sector in Pakistan is adopted from (Pellissier and Kruger, 2011). The instrument contains 8 items with little modification and is measure on two point scales (1 for yes and 2 for no).

### 3.3. Data Analysis

The data collected was initially fed into SPSS software and transformation of variables was done to make it usable for AMOS. Structural equation model (SEM) technique was used to analyses data and test hypotheses. The structural equation model is an important technique for identification of variables and development of theoretical model (Montgomery *et al.*, 2001, Hair *et al.*, 2006; Ali *et al.* 2010).

## 4 Results and Discussions

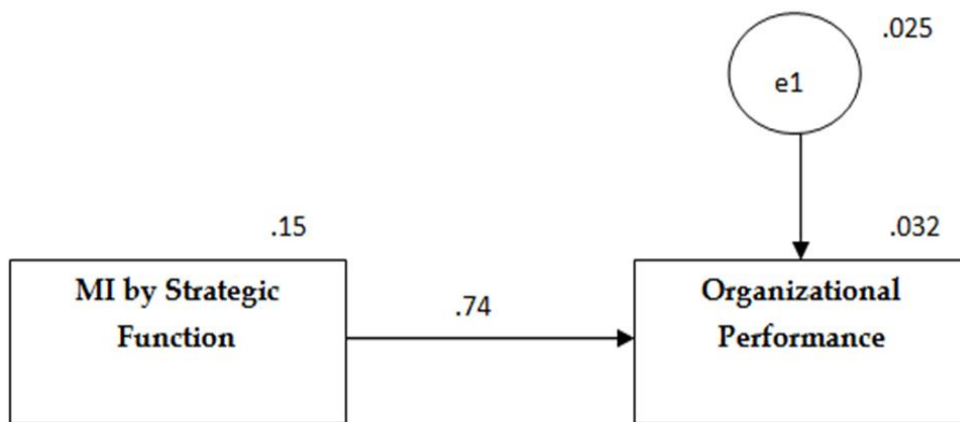
The study is undertaken to analyze the influence of MI by strategic function on organizational performance in corporate sector in Pakistan. The correlations analysis is produced in Table 2. Table 2 shows strong positive correlation between MI by strategic function and organizational performance. The analysis of data is given in Table 3 and SEM is presented in Figure 2. Table 3 shows very encouraging results. The value of P should be less than 0.05 to accept any hypothesis. The value of P for hypothesis H1 is well below than 0.05. H1 refers towards the positive relationship between MI by strategic function and organizational performance, which is confirmed by this analysis. Figure 2 describes positive relationship among variables in SEM form. The model fit is also confirmed by SEM as value of P is well below than 0.05. The results of reliability analysis are also very sound with 0.933 value of Cronbach's Alpha of all 18 items that were used in the scale. The results of this study are quite encouraging and well supported by previous studies as discussed above. Extent of MI utilization in corporate sector in Pakistan is presented in Table 4, which is also very sound. These results are also consistent with consideration view of other variables and with the significance of MI by strategic function on organizational performance.

**Table 2. Correlations**

		MI by SF	OP
MI by SF	Pearson Correlation	1	-
	Sig. (2-tailed)		-
	N	145	-
OP	Pearson Correlation	.877	1
	Sig. (2-tailed)	.000	
	N	145	145

**Table 3. Regression Weights**

Hypothesis	Estimate	S.E.	C.R.	P	Decision
H1 OP < --- MI by SF	0.741	0.324	21.950	.000	Accept



**Figure 2. Structural Equation Model**

Table 4. Rating MI Utilization

Description	%age Rating
Our organization is aware of new and pending government legislation	74
Our organization utilizes external sources of information for market research	77
Our organization makes use of MI in decision-making	84
We are up to date with emerging technologies in our field of business	80
We evaluate the reliability and accuracy of our sources of information	82
We analyze our competitors and have up to date profiles of them	84
Our MI is created and distributed to management in a timely fashion	78
Our organization has a formal MI function	79
H2 Majority of firms utilize marketing intelligence practices in Pakistan	Supported

## 5. Conclusion

This study is conducted to analyze the role of MI by strategic function on organizational performance. It is the important study in the context that it provides additional and significant insights to management about the importance of MI by strategic function on organizational performance in corporate sector in Pakistan. The study found strong positive correlation between MI by strategic function and organizational performance. The study also found encouraging results for the use of MI in corporate sector in Pakistan. The study demonstrates that businesses not only can cope up with fast-paced competition but also can stay ahead of their rivals by incorporating and utilizing MI systems both at tactical and strategic levels. Moreover, it also provides useful references for future researchers on this subject matter.



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