



# Influence of Competitive Intelligence Success on Business Competitive Advantage: A Conceptual Framework

**Hatem Jasim<sup>a\*</sup>, Zuraidah Sulaiman<sup>b</sup>, Norhayati Zakuan<sup>c</sup>**

<sup>a,b,c</sup>Azman Hashim International Business School, Universiti Teknologi Malaysia, Johor Bahru, Skudai, 81300 Malaysia, Email: <sup>a\*</sup>[hatem.aljabiry@yahoo.com](mailto:hatem.aljabiry@yahoo.com)

Companies must obtain credible data on market indicators in order to face competitive challenges in today's business world effectively. An effective competitive intelligence system is, therefore, an essential requirement for attaining competitive advantage goals as spelt out in firms' missions and visions. However, despite the importance of competitive intelligence as a driver of firm competitive advantage, there are scant studies that investigate the various facets of competitive intelligence (e.g., competitor's intelligence, marketing intelligence, technological intelligence, and social and strategic intelligence about the competitive environment) that, in practice, impact firms' competitive advantage. The current study tries to fill the gap by developing conceptual framework researchers and managers could employ to explore the interplay between firms competitive intelligence and competitive advantage.

**Keywords:** *Marketing Intelligence, Competitor's Intelligence, Social and Strategic Intelligence, Technological intelligence, Competitive advantage.*



## Introduction

In today's highly competitive business environment, firms need robust competitive intelligence for gathering information about their operating environment (Salguero *et al.*, 2019). The core objective of a competitive intelligence system is to generate credible and useable information and data about essential indicators of market competition that will help organisations attain competitive advantage (Bose, 2008). Research (Calof and Wright, 2008) has shown that organisations lacking market intelligence struggle to survive, while those that have developed an intelligence network are not only able to survive but prove to be more innovative, creative, and competitively advantaged (Ladipo *et al.*, 2017). As a product, competitive intelligence is the information about the market industry, analysis, benchmarking, company profiles, early warning alert, technology assessments, economic analysis, customer profiles, executive profiles, political analysis, and supplier profile (Calof, 2017). Among the myriad factors that facilitate or impede competitive advantage, prior research has consistently identified competitive intelligence as one of the most important (Nte *et al.*, 2020; Qiu, 2008; Somiah *et al.*, 2020).

The notion of competitive intelligence gained traction in the literature on market competition since the early 1980s when increased information-based rivalry and market changes transformed the way organisations compete in the market (Nasri, 2011). As a concept, competitive intelligence is a method continuously map out the dynamic processes and critical incidences occurring in a given market in order to make meaning of the happenings in the competitive environment and the implications of such happenings on the competitive position of the organisation (Du Toit, 2015). Collecting data and information on the business of rival organisations, however, is fraught with ethical and legal consequences, thus making such decision highly dicy for the organisation gunning for competitive edge (Fleisher and Wright, 2010). This ethical and legal imperative now cause organisations seeking competitive advantage to rely more on continuous improvements on process designs and building of enhancing value (market offerings) as a crucial element of competitive intelligence (Amiri *et al.*, 2017).



Competitive intelligence targets competitors, government, suppliers, customer, partners, professional associations, and other sources of socio-economic data and intelligence to gather such data and analysing them into market insights to guide the decision of managers (Calof *et al.*, 2017). Thus, competitive intelligence is characterised by several essential elements: namely, social and strategic intelligence (Rouach and Santi, 2001), competitor intelligence, technological intelligence, and market intelligence (Deschamps and Nayak, 1995). All these elements of competitive intelligence severally and collectively combine to influence organisations' marketing performance (Tahmasebifard, 2018). Although extant studies indicate that organisations have been using competitive intelligence in the management of their marketing activities, yet unequivocal evidence associating competitive intelligence practices with the attainment of competitive advantage is lacking. Besides, most of the reports were descriptive case studies that lack rigour and generalisability (Calof *et al.*, 2018; Stefanikova *et al.*, 2015). Further, Sewdass and Toit (2014) noted that although there are limited studies on the influence of competitive intelligence on competitive advantage, most of these studies superficially describe competitive intelligence. Indeed, very few studies have gone to the extent of diagnosing competitive intelligence. There is also a dearth of literature on the influence of competitive intelligence types on competitive advantage: namely, quality, cost, and general insight.

In view of the foregoing, this paper suggests a framework researchers could use to study the influence of competitive intelligence (and its various elements: marketing intelligence, competitor's intelligence, technological intelligence, and social and strategic intelligence) on competitive advantage. The following parts review related literature and propose a framework that clarifies which competitive intelligence sub-types, which supports competitive advantage.

### **Background of Competitive Intelligence Success**

Competitive intelligence is a method or process organisations use to build a database containing crucial knowledge about the competitive business environment (Nte *et al.*, 2020). Competitive intelligence provides the primary basis upon which organisations understand and



exploit the manifest and hidden opportunities in the market and, importantly, use such knowledge to develop and deploy their competitive strategies (Tahmasebifard, 2018). Notwithstanding the importance of competitive intelligence, the literature contains several conceptualisation of the construct—e.g., competitor intelligence, customer intelligence business intelligence, information intelligence—which only serves to confuse clear understanding and thus usage of this critical marketing tool (Sewdass and Toit, 2014). In this connection, Soilen (2016) argued that existing definitions of competitive intelligence overlap with descriptions of other more established constructs fields of study—like decision making, most intelligence activities, and competitive advantage—thereby leading to serious discriminant validity issues and confoundment. Thus there is an urgent need for researchers investigating competitive intelligence to operationalise the construct carefully and leave no room for ambiguity in the minds of readers.

Competitive intelligence can be described as knowledge and foreknowledge about the moves of crucial competitors in any given market and the clients they serve. Such information usually covers knowledge about the external and internal environment of the organisation. Competitive intelligence is, therefore, a tool for improving marketplace competitiveness via developing appropriate strategies to face the competition based on factual data about the overall business environment (Maritz and Toit, 2018). The ultimate objective of competitive intelligence is to assist in decision-making (DM) that leads to achieving competitive advantage (Fleisher & Wright, 2010; Jasim & Sulaiman, 2020). This comes about when organisations used their competitive intelligence (data/information about dynamics of market competition) to shape their strategic and operational plans, decisions, and operations an organisations (Du Toit, 2015). In view of this end, researchers have identified the following components of competitive intelligence.

### ***Marketing intelligence***

Maltz and Kohli (1996) defined marketing intelligence as a set of procedures designed to obtain information and data about changes in the marketing environment to implement an organisation's marketing activities successfully. It is a system that collects the intelligence



needed for creative segmentation and significant moves in the marketing environment (Tahmasebifard, 2018). Lee (2015) described as a dynamic process of intelligence gathering for supporting the market stance and values an organisation upholds concerning the overall business environment, thereby allowing managers to make effective decisions. According to Wright and Calof (2006), marketing intelligence is a strategic tool for competitive advantage that provides business executives with updates about the markets they currently serve and will potentially serve. Also, marketing intelligence thus relates to the current and potential market position and covers such interests and key stakeholders like customers, competitors, and markets regulators. Therefore, marketing intelligence refers to the provision of support for companies with targeted information that gives it a better understanding of what is happening in the market or competitive environment (Al-weshah, 2017).

### ***Competitors Intelligence***

Organisations seek to build and develop competitive strategy by considering the structural changes of rivals' organisations, the entry of a new product into the market, or the issuance of updates to existing products. Organisation thus stays abreast about what the competition is doing by gathering, analysing and using information related to product launches, new industry competitors, and product innovation by competitors (Rouach and Santi, 2001). Based on such continual analysis, an organisation can reliably gauge the strengths and weaknesses of rivals as well as predict their potential market performance (Wright and Calof, 2006). This process demands the analysis of rivals' competitive behaviour using sophisticated data analytics and anticipating the counter-competitive moves and strategies of specific rivals and head-to-head competitors (Zajac and Bazerman, 1991). It is a well-worn dictum among strategists: know thine enemy.

### ***Technological Intelligence***

In today's technology-driven markets, organisations can only discount technological intelligence at their peril (Rouach and Santi, 2001). It can also enable organisations to faced threats and identify opportunities resulting from technology-induced changes in the market



(Tahmasebifard, 2018). Technological intelligence entails monitoring technology advancements and their specific application to the products, procedures and processes that define the core activities in any given industry. Technological intelligence entails careful planning and organising to capture competitive intelligence about the R&D budgets, directions and priorities of competing organisations (Koseoglu *et al.*, 2019). Calof and Wright (2008) and Tahmasebifard (2018) averred that technological intelligence about rivals could influence competitive advantage an organisation enjoys. Indeed, all stakeholders populating an organisation's value chain are potential targets of technological espionage, and these include suppliers, customers, government, also social media.

### ***Social and Strategic Intelligence***

Deschamps and Nayak (1995) see social and strategic intelligence as the process of gathering, planning to analysing the environmental information and distributing them to the departments of the organisation where they are most needed for making decisions about the social antecedents of customer preferences as well as that of key competitors and their core workforce. Rouach and Santi (2001) include in the domain of social and strategic intelligence issues and data on the operational rules governing the behaviours of rival organisations, their financial and tax affairs, their political and economic leanings, and their human resources practices. Thus, the concept reflects the social, political, and commercial behaviour of the organisations operating within a given industry. Social and strategic intelligence is assessed with set issues like the strategic vision, human and social resources, economic and political aspects of the organisations (Tahmasebifard, 2018). However, strategic and social intelligence is significantly related to organisation intelligence, organisation strategies, and vital resources (Ezenwa *et al.*, 2018), and it helps in expanding or constraining the choices available to organisations as they compete with each other to gain competitive advantage (Arcos, 2016).



## **Theoretical Background of Competitive Advantage**

An organisation is said to have gained competitive advantage where its value creation strategies, resources and distributional resources cannot be imitated by rival organisations (Piccoli and Ives, 2005). Competitive advantage remains a competitive advantage as long as it can be sustained (Barney, 1991). The critical issue here is the edge a given competence confers on an organisation by which it records performance over and above the industry average (Spender and Grant, 1996). An organisation possessing unique resources can gain a competitive advantage, which may come through material quality advantage, product differentiation, market taste-based product, and attractive price offering (Nuryakin, 2018). Such advantages offer the organisation higher profit growth, enhanced sales revenue rate, lower operating costs, improved product and service quality, and dominant market share (Ladipo *et al.*, 2017; Li and Liu, 2014). However, competitive advantage requires the possession of unique resources and their effective deployment in order to attain better outcomes and strength than rivals in any competitive environment (Qiu, 2008). It is only through such unique resources and their practical usage that competitive advantage is sustainable over the long term (Wang, 2014).

## **Association between Competitive Intelligence and Competitive Advantage**

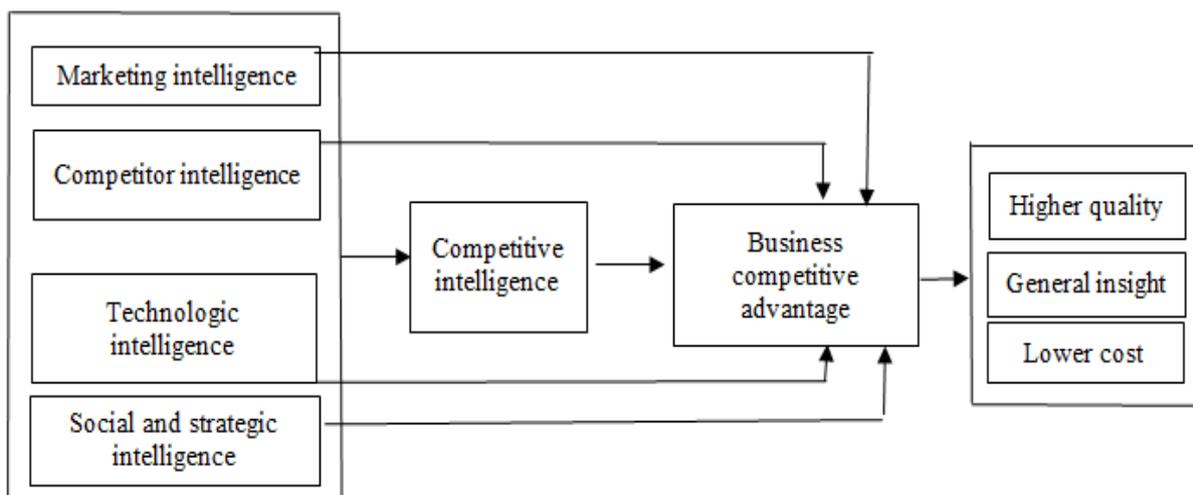
Competitive intelligence can be used to improve an organisation's competitive advantage based on quality, cost, and general insight (Nathan *et al.*, 2006; Zangouezhad and Moshabaki, 2009). As the value which gives a defensible position over its rivals (Porter, 1986), competitive intelligence gives an organisations competitive advantage through quality, cost, and general insight (Zangouezhad and Moshabaki, 2009). Thus, organisations having systems for monitoring their competitors' activities are shown to perform better when they predicate their differentiation strategy based on product quality (Calof *et al.*, 2017). Similarly, organisations having knowledgeable on working conditions in rivals' businesses make it easier to gain a higher advantage (Amiri *et al.*, 2017). Further, the use of intelligence can also lead to lower costs in organisational operations (Dishman and Calof, 2008). Competitive intelligence, in general, allows organisations to improve resource access which they acquire

from the internal and external sources (Tahmasebifard, 2018), and also support a continuous forecast of products and services, resulting in better production (Calof and Wright, 2008). Thus, competitive intelligence allows for better business planning and improved decision-making effectiveness (Fleisher and Wright, 2010).

### Conceptual Framework

This paper develops a conceptual framework based on prior empirical literature by integrating four subtypes of competitive intelligence discussed in the preceding sections. In other words, this paper integrates elements of competitive intelligence with the concept of competitive advantage, as shown in Figure 1. Also, relationships assumed between the subtypes of competitive intelligence and competitive advantage form the basis of the hypotheses formulated (listed below) and illustrated in the conceptual framework (Figure 1).

- H<sub>0</sub>:** There is an association between competitive intelligence and competitive advantage
- H<sub>1</sub>:** Marketing intelligence is significant influences on competitive advantage
- H<sub>2</sub>:** Competitors' intelligence is significantly related to competitive advantage
- H<sub>3</sub>:** Technological Intelligence is related substantially with a competitive advantage
- H<sub>4</sub>:** Social and Strategic Intelligence is significantly related to competitive advantage.



**Figure 1.** Conceptual Model



Figure 1 illustrates the association between competitive intelligence and competitive advantage. As previously explained, the four components of competitive intelligence (marketing intelligence, competitors' intelligence, technological intelligence, strategic and social intelligence) are reported to influence an organisation's competitive position and consequently its competitive advantage in the market. This ultimately helps the organisation attain sustainable performance based on the criteria of higher quality, general insight and lower cost.

## **Conclusion**

This paper attempts to fill up the gap in the literature on competitive intelligence and competitive advantage. The idea is that building competitive advantage through higher quality, general insight, and lower cost is possible through the development and effective deployment of a competitive intelligence system. Thus, a conceptual framework was developed that posits some associations between the four subtypes of competitive intelligence and an organisation's competitive advantage. The paper suggests that competitive intelligence can be fruitfully utilised as an antecedent of organisational performance. The framework provides a starting point for researchers to investigate the competitive intelligence – competitive advantage relationship, as well as help practitioners, clarify the causes of their organisations' competitive standing.



## REFERENCES

- Al-Weshah, G. (2017). Marketing intelligence and customer relationships: empirical evidence from Jordanian banks. *Journal of Marketing Analytics*, 32(10), 1–11. <https://doi.org/10.1057/s41270-017-0021-7>
- Amiri, N. S., Shirkavand, S., Chalak, M., & Rezaeei, N. (2017). Competitive intelligence and developing a sustainable competitive advantage. *AD-Minister*, 30(3), 173–194. <https://doi.org/10.17230/ad-minister.30.9>
- Arcos, R. (2016). Public Relations Review Public relations strategic intelligence : Intelligence analysis, communication and influence. *Public Relations Review*, 42(2), 264–270. <https://doi.org/10.1016/j.pubrev.2015.08.003>
- Barney, J. (1991). firm resources and sustained competitive advantage. *Journal of Management*, 17(no.1), 99–120.
- Bose, R. (2008). Competitive intelligence process and tools for intelligence analysis. *Industrial Management & Data Systems*, 108(4), 510–528. <https://doi.org/10.1108/02635570810868362>
- Calof, J. (2017). Canadian competitive intelligence practices – a study of practising strategic and competitive intelligence professionals Canadian members. *Foresight*, 19(6), 577–589. <https://doi.org/10.1108/FS-07-2017-0024>
- Calof, J., Arcos, R., & Sewdass, N. (2017). Competitive intelligence practices of European firms. *Technology Analysis and Strategic Management*, 30(6), 658–671. <https://doi.org/10.1080/09537325.2017.1337890>
- Calof, J. L., & Wright, S. (2008). Competitive intelligence perspective. *European Journal of Marketing*, 42(7), 717–730. <https://doi.org/10.1108/03090560810877114>
- Deschamps, & Nayak. (1995). *Working knowledge: How organisations manage what they know: Harvard Business Press.*
- Dishman, P. L., & Calof, J. L. (2008). Competitive intelligence : a multiphasic precedent to marketing strategy. *European Journal of Marketing*, 42(7/8), 766–785. <https://doi.org/10.1108/03090560810877141>
- Du Toit. (2015). Competitive intelligence research: An investigation of trends in the literature. *Intelligence Studies in Business*, 5(2), 14–21.
- Ezenwa, O., Stella, A., & Agu, A. O. (2018). Effect of Competitive Intelligence on Competitive Advantage in Innoson Technical and Industry Limited , Enugu State , Nigeria. *International Journal of Business, Economics & Management (IJBEM)*, 1(1), 28–39. <https://doi.org/10.31295/bem.v1n1.25>
- Fleisher, C. S., & Wright, S. (2010). Competitive Intelligence analysis failure: Diagnosing



- individual-level causes and implementing organisational level remedies. *Journal of Strategic Marketing*, 18(7), 553–572. <https://doi.org/10.1080/0965254X.2010.529152>
- Gomes, C. F., Yasin, M. M., & Lisboa, J. V. (2009). Benchmarking competitive methods and strategic choices of Portuguese SMEs Traditional practices and new realities. *Benchmarking: An International*, 16(6), 729–740. <https://doi.org/10.1108/14635770911000079>
- Jasim, H., & Sulaiman, Z. (2020). Sustaining Competitive Edge in Iraqi Banks Through Marketing Intelligence and Decision- Making Effectiveness: A Review. *Test Engineering & Management* (March-April 2020), 6373–6388.
- Koseoglu, M. A., Chan, E. S. W., Okumus, F., & Altin, M. (2019). How do hotels operationalise their competitive intelligence efforts into their management processes? Proposing a holistic model. *International Journal of Hospitality Management*, 83(October), 283–292. <https://doi.org/10.1016/j.ijhm.2018.11.007>
- Ladipo, P. K. A., Awoniyi, M. A., & Arebi, I. T. (2017). The Influence of Marketing Intelligence on Business Competitive Advantage (A Study of Diamond Bank Plc). *Journal of Competitiveness*, 9(1), 51–71. <https://doi.org/10.7441/joc.2017.01.04>
- Lee, C. C. A. J. T. (2015). Introduction to the special issue on ““ Data analytics for marketing intelligence .”” *Information Systems and E-Business Management*, 13(3), 399–402. <https://doi.org/10.1007/s10257-014-0270-3>
- Li, D., & Liu, J. (2014). Dynamic capabilities, environmental dynamism, and competitive advantage: Evidence from China. *Journal of Business Research*, 67(1), 2739–2799. <https://doi.org/10.1016/j.jbusres.2012.08.007>
- Li, S., Ragu-Nathan, B., Ragu-Nathan, T. S., & Rao, S. S. (2006). The impact of supply chain management practices on competitive advantage and organisational performance. *Omega: The International Journal of Management Science*, 34(2), 107–124. <https://doi.org/10.1016/j.omega.2004.08.002>
- Maltz, E., & Kohli, A. K. (1996). Market Intelligence Dissemination Across Functional Boundaries. *Journal of Marketing Research*, XXXIII(February), 47–61.
- Maritz, R., & Toit, A. du. (2018). The practice turns within strategy: Competitive intelligence as integrating practice. *South African Journal of Economic and Management Sciences*, 21(1), 1–14.
- Nasri, W. (2011). Competitive intelligence in Tunisian companies. *Enterprise Information Management*, 24(1), 53–67. <https://doi.org/10.1108/17410391111097429>
- Naveh, E., & Marcus, A. (2005). Achieving competitive advantage through implementing a replicable management standard: Installing and using ISO 9000. *Journal of Operations Management*, 24(1), 1–26. <https://doi.org/10.1016/j.jom.2005.01.004>



- Nte, N. D., Omede, K. N., Enokie, B. K., & Bienose, O. (2020). Competitive Intelligence And Competitive Advantage In Pharmaceutical Firms In Developing Economies : A Review Of Lagos State, Nigeria. *Journal of Management, Economics, and Industrial Organization*, 4(1), 76–99.
- Nuryakin. (2018). Competitive Advantage And Product Innovation : Key Success Of Batik SMEs Marketing Performance In Indonesia. *Academy of Strategic Management Journal*, 17(2), 1–17.
- Piccoli, G., & Ives, B. (2005). IT-Dependent Strategic Initiatives and Sustained Competitive Advantage: A Review and Synthesis of the Literature. *MIS Quarterly*, 29(4), 747–776.
- Porter, M. (1986). Changing patterns of international competition.pdf. *California Management Review*. <https://doi.org/10.1002/tie.5060280205>
- Powell, T. (1992). organisational alignment as a competitive advantage. *Strategic Management*, 13(2), 119–134.
- Qiu, T. (2008). Scanning for competitive intelligence: A managerial perspective. *European Journal of Marketing*, 42(7–8), 814–835. <https://doi.org/10.1108/03090560810877178>
- Rouach, D., & Santi, P. (2001). Adds Value : Five Intelligence Attitudes. *European Management Journal*, 19(5), 552–559.
- Salguero, Manuel, & Aldeanueva. (2019). Competitive Intelligence and Sustainable Competitive Advantage in the Hotel Industry. *Sustainability*, 11(6), 1–12. <https://doi.org/10.3390/su11061597>
- Sewdass, N., & Toit, A. Du. (2014). The current state of competitive intelligence in South Africa. *International Journal of Information Management*, 34(2), 185–190. <https://doi.org/10.1016/j.ijinfomgt.2013.10.006>
- Soilen, K. S. (2016). A research agenda for intelligence studies in business. *Journal of Intelligence Studies in Business*, 6(1), 21–36. Retrieved from <https://www.scopus.com/inward/record.uri?eid=2-s2.0-84975266735&partnerID=40&md5=e5b5db4f88709c243efbcdf4dd342952>
- Somiah, M. K., Aigbavboa, C. O., & Didibhuku, W. (2020). Validating elements of competitive intelligence for competitive advantage of construction firms in Ghana : A Delphi study. *African Journal of Science, Technology, Innovation and Development*, 0(0), 1–10. <https://doi.org/10.1080/20421338.2020.1762309>
- Spender, J. -c., & Grant, R. m. (1996). Knowledge and the firm: Overview. *Strategic Management Journal*, 17, 5–9.
- Stefanikova, L., Rypakova, M., & Moravcikova, K. (2015). The Impact of Competitive Intelligence on Sustainable Growth of the Enterprises. In *Procedia Economics and Finance* (Vol. 26, pp. 209–214). [https://doi.org/10.1016/s2212-5671\(15\)00816-3](https://doi.org/10.1016/s2212-5671(15)00816-3)



- Tahmasebifard, H. (2018). The role of competitive intelligence and its sub-types on achieving market performance. *Cogent Business & Management*, 5(1), 1–16. <https://doi.org/10.1080/23311975.2018.1540073>
- Wang, H.-L. (2014). *Theories for competitive advantage*. University of Wollongong Research Online.
- Wright, S., & Calof, J. L. (2006). The quest for competitive, business and marketing intelligence A country comparison of current practices. *European Journal of Marketing*, 40(5), 453–465. <https://doi.org/10.1108/03090560610657787>
- Zajac, E. J., & Bazerman, M. H. (1991). Blind Spots in Industry and Competitor Analysis: Implications of Interfirm (Mis)Perceptions for Strategic Decisions. *Academy of Management Review*, 16(1), 37–56. <https://doi.org/10.5465/amr.1991.4278990>
- Zangouinezhad, A., & Moshabaki, A. (2009). The role of structural capital on competitive intelligence. *Industrial Management & Data Systems*, 109(2), 262–280. <https://doi.org/10.1108/02635570910930136>