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## **Examination of the role of competitive advantage in the relationship between the marketing intelligence and export performance of the companies located in the industrial town of Ilam City**

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**Keywords:** The marketing intelligence, Competitive advantage, Export performance, Industrial companies.

**ABSTRACT.** The current paper was conducted with the aim of investigating the role of the competitive advantage in the relationship between the marketing intelligence on the export performance within the scope of the activities of the Industrial towns in the city of Ilam. To attain the research goals, as many as 155 people of managers and experts were selected through simple random method for responding to the research questionnaires. The research sample group responded to the Marketing Intelligence (L.A. Cacciolatti and A. Fearne) and the Competitive advantage and Exports performance (Murray et al) questionnaires on the Likert scale. The data taken from the research questionnaires were analyzed by using the Pearson correlation coefficient, structural equation modeling and regression analysis. The findings resulting from the data analysis implicated that there is a significant and direct relationship between dimensions of the marketing intelligence (type of information, sources of information, and alternation in using information) and the competitive advantage ( $r=0.986$ ) and between the competitive advantage and the export performance ( $r=0.925$ ). The results of the structural equation modeling and regression analysis illustrated that the competitive advantage plays a mediating role in the relationship between the marketing intelligence and export performance of the companies among the industrial companies. The findings suggest that the marketing intelligence will at first result in enhanced competitive advantage of the companies and then the competitive advantage will bring about a boost to the export performance of the companies.

### **1. INTRODUCTION**

Export is one of the most important primary steps of the organizations for development and investment to enter global markets and expansion of their international activities (Seddigh and Alashban, 2009). Exports as the most common way for companies, specifically small companies are considered to be known so to enter into foreign markets. One of the most important reasons for this is that exports compared to other ways of internationalization need fewer sources. Hence, export sales are increasingly considered as a suitable way for growth in the view of firms and institutes (Rahman Seresht and Karimi, 2007). In addition, in recent years given the economic-political situation of the country and Iran's sanctions in the area of oil and international trade, we have seen an ever increasing need of expansion of exports and entering global markets and thus, expansion of non-oil exports has assumed importance. In accordance with the state's support for the non-oil exports and efforts for escaping the mono-product economy and issues relating to joining the World Trade Organization have all caused the competitive pressure to rise among small and medium sized business where this matter causes companies to move for their own survival towards international markets (Faghihi, Taj Aldin, 2010). Given the significance of small and medium sized business within the process of economic and social growth and expansion of nations and special attention by

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planners and policy makers of expansion to this category, it will be necessary to have fundamental actions to be established for improving the status of these institutions. Most small and medium sized companies create new opportunities for creating competitive advantages. The small and medium companies, in addition to their own previous functions are thought to be the central focal point of technology expansion and safeguarding of complex and advanced needs. Meanwhile, widespread support are thrown at the back of the by state and industrial managers and directors. In this regard, an investigation of small and medium companies which are deemed to be the beating heart of each country's economy seems necessary (Yadollahi et al, 2010). One of the modern tools which contributes to the small and medium sized companies and business and could get the reach a decent position in the turbulent modern environment is making use of marketing intelligence. The very concept of intelligence is a part of marketing strategy which assumed attention as a persistent attempt for increasing competitive capabilities and strategic planning processes. In the existing literature in the area of intelligence, it is considered as a presumption ton strategic planning which results in increased competitive power of companies and its strategic programs processing (Johari and Stephens, 2006). It needs to be stated that intelligence differs from data or information in that the former requires doing some forms of analysis whose aim is to signify data and information that might be hidden in any organization (Bose, 2008). Today, the sense of intelligence is thought of a process which improves competitiveness and strategic planning process (Sayman et al, 2008). Kotler states that marketing is not a random phenomenon rather it is a result of planning, designing and administration with care. Activities related with marketing are persistently improving in all industries so that the chance for success is raised; however, it is difficult to accomplish higher level of marketing (Kotler and Keller, 2006). For Kotler, the marketing intelligence is daily information regarding changes within the marketing environment which helps managers and officials with preparation and adaptation of marketing programs (Ibid). Because, competitiveness of the national industries are taking shape and also attention to international markets and entering the World Trade Organization are among the main targets of the state; hence the issue of the marketing intelligence, because it is an innovative issue assume significance (Faryabi et al, 201). On the other hand, the international competitive advantage could be defined as the ability of the firm, sector or country for the supply of goods and services with some potential competitive prices which involve at least the cost opportunity of the sources used (Freebairn, 1986). Thus, in this research, the role of competitive advantage in the relation between the marketing intelligence and exports performance are addressed.

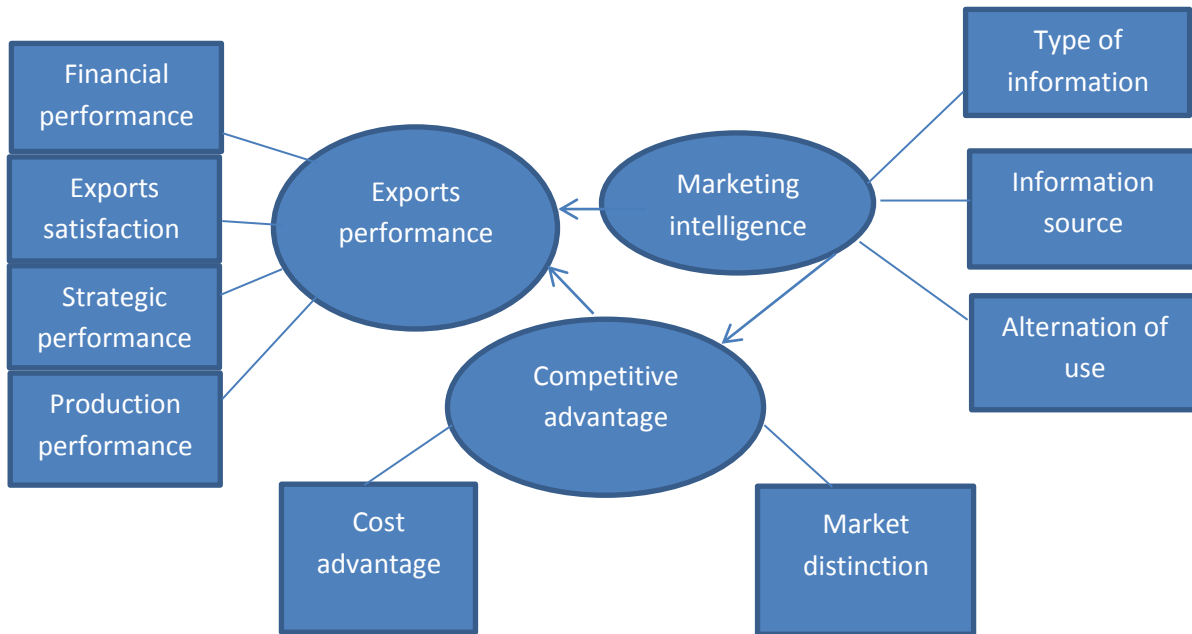
## 2. LITERATURE REVIEW

According to the results by L.A. Cacciolatti and A. Fearn (2013), there is a relationship between the marketing intelligence characteristics like the type of information, sources of information and alternation in using organizational information with focus on small and medium sized companies. In a research titled "Market intelligence and success of the expansion of new projects in technology centered companies in Finland", Matti Haverila and Nick Ashill (2011) have specified how managers in the technology oriented companies have determined the variable of intelligence in the expansion and development of their new projects as being successful or unsuccessful and the fact the level of extent of influence of these variables on the success or failure of a project. The results of this research did specify that managers rely on two types of intelligence technical production and market information. Most variables known are found to be directly and positively related with the success of the projects. Right and Calf (2006) too, in a research with the subject of Struggle for marketing, business and competitive intelligence have addressed the framework presented with regards to the marketing intelligence in different countries. This research was seeking a comparison of a framework in which the organizations intelligence is examined in three perspectives which includes process and structure of culture, awareness and attitude and the competitive intelligence cycle. This comparison was done in the EU countries, Canada, and England. Expansion of samples, very good comparison of results, appropriate statistical analysis and also attention to such factors as those other than intelligence cycle are among the strong points

of this paper. The paradigm presented involves some shortcomings like inattention to the very sense of intelligence. Murray et al (2011) concluded that marketing capabilities are playing mediation role in the relation between the market orientation and exports performance while the competitive benefits too, play a mediation role in the relationship between marketing capacities and performance. Navaro et al (2010) addressed concepts of perceived competitive benefits, adoption from marketing tactics and exports obligation on performance and the research findings revealed that companies which are more closely related with foreign markets have higher propensity to accommodate marketing program elements. Therefore, these companies' programs are more successful in foreign markets and as a consequence this will promote the exports performance and direct and indirect impacts on the competitive advantage. Fleisher (2008) also concluded that the development of the marketing intelligence and competitors' intelligence need some information sources so that through their analysis, one can contribute to the company reach the intelligence and allow them to obtain some competitive advantage. Despite the fact that market investigations could lead to marketing intelligence; using free sources could entail more benefits for the company. The companies which could reach this level as to where and how to collect, organize and administer the information effectively will witness the least level of confusion in decision making, and there will be the least risks regarding the marketing activities. With this interpretation, the researcher sought in this paper how data and information which were being obtained from open and free sources will have an effect on the marketing intelligence and competitive intelligence. The research results suggest that open and free sources are highly useful for the experts of the marketing intelligence because they can easily have access to them. Faryabi and Zafaryan Pour (2014) implicated in their own papers that the building blocks of the marketing intelligence including type of information, sources of information and alternation in using the information within small and medium sized companies are positively and significantly related with the competitive advantage. Jalali Kalde (2010) in a research titled Explanation and formulation of a model for creation of marketing intelligence spoke of marketing intelligence and in this research three organizational, individual and environmental factors were considered for the creation of the marketing intelligence. According to the statistical analyses, it was determined that personal factors including personality, creativity, motivation and organizational position factors affect intelligence. Organization factors including organization's mission, organization's perspective, organization's objectives, organization's structure, organization's managerial style, organizational culture, organizational sources and the marketing researches process affect the formation of marketing intelligence and also environmental factors including economic, political, legal, cultural and technologic factors are effective on the formation of the marketing intelligence. Meanwhile, the bioenvironmental factor has no effect on the formation of the marketing intelligence in the organization. Later, some other researches have been conducted in the area of exports performance and competitive advantage like the one by Kwon et al (2010) who addressed the investigation of the relationship between marketing and competitive advantage and the performance in the Global Industrial Sector in the United States and also Kumar et al (2011) addressed marketing and measurement of performance and these researchers concluded that competitive advantage assumes a mediating role in the relation between the marketing and exports performance.

### **3. THEORETICAL FRAMEWORK**

A Theoretical framework is a foundation upon which all the research is based. This framework is a descriptive rational and developed network which includes existing relations between the variables which have been identified following such processes as interviews, observation and investigation of the literature review. The Theoretical framework clarifies the relations between the variables; theories which are basics to these relations are developed and the nature of these relations is described. According to the studies and researches done and also the independent and dependent variables, one can present the theoretical framework like graph (1). In this model, the marketing intelligence is the independent variable while the competitive advantage is the mediating variable and the exports performance is thought to be the dependent variable.



Research conceptual model

*Research hypotheses*

Main hypothesis

There is an indirect and significant relationship between the marketing intelligence and exports performance by using the mediating role of the competitive advantage

Secondary hypotheses

There is a significant relationship between the type of information and competitive advantage

There is a significant relationship between the sources of information and competitive advantage

There is a significant relationship between the alternation in using information and competitive advantage

There is a significant relationship between the cost advantage and exports performance

There is a significant relationship between the market distinction and the exports performance

#### 4. METHODOLOGY

Generally, research methodologies can be divided in terms of two criteria. First, the goal of the research and second the way data are collected. On this basis, the current paper, in terms of goal is applied and in terms of the way data is gathered falls under the category of descriptive research of correlation nature. The goal of the applied researches is to expand the applied knowledge in a special area. In other words, the applied researches are directed towards some scientific application. Hence, the research conducted is of applied researches which will be used in the area of the role of the competitive advantage in the relationship between the marketing intelligence and exports performance of the companies located in the industrial towns of the Ilam city. Descriptive researches include a set of methods whose aim is to describe conditions and phenomena under investigation. Administration of a descriptive research could be simply for understanding the existing conditions or assisting the process of decision making. The correlation research is thought of a branch of the descriptive researches; in this type of research, the issue under

study is dealt with to determine to what extent changes of an attribute are dependent on the features of the other attribute. The statistical population of this study includes managers and experts of Ilam city's industrial companies who numbered 260 people. In this research, we will be using the simple sampling method and the Cochran formula for determining the sample size which is as follows:

$$n = \frac{260 * (1.96)^2 * (0.5)(0.5)}{0.05^2 * 259 + 1.96^2 * (0.5)(0.5)} = 155$$

To gather data and information required, written questionnaires were used where the research sample group responded to the standard Marketing Intelligence (L.A. Cacciolatti and A. Fearne) and (Faryabi and Zafaryan Poor (2014)) which investigates marketing intelligence in three dimensions and 13 questions while the Competitive advantage questionnaire (Murray et al) investigates competitive advantage in two dimensions and 6 questions. Meanwhile, the Exports performance Questionnaire (Zou et al, 1998) investigates the exports performance in four dimensions and 2 questions. To measure the reliability, a primary sample including 20 questionnaire was pretested and the by using the data collected from the questionnaires, the Cronbach's alpha was calculated by the SPSS software.

Table 1. Cronbach's alpha

| Hidden variable        | Observable variable           | Cronbach's alpha coefficient |
|------------------------|-------------------------------|------------------------------|
| Marketing intelligence | Type of information           | 0/709                        |
|                        | Sources for using information | 0/749                        |
|                        | Alternation in use            | 0/729                        |
| Competitive advantage  | Cost advantage                | 0/805                        |
|                        | Market distinction            | 0/821                        |
| Exports performance    | Financial performance         | 0/816                        |
|                        | Satisfaction with exports     | 0/805                        |
|                        | Strategic performance         | 0/820                        |
|                        | Production performance        | 0/843                        |

As seen in table (1), the Cronbach's alpha for all the variables of the research is greater than 60% and indicates the favorability of the tools for data gathering. The content validity of the questionnaire was also conducted based on the view of the experts and necessary changes were made. To measure the validity, the factorial analysis and the SPSS software were utilized. The results of the discovery factorial analysis illustrates in the first place the constructs of marketing intelligence, competitive advantage and the experts performance while the sufficiency conditions of sampling have been met through investigating existing two Bartlett and KMO statistics and the variance percentage explained of the series of questions was 84% and the significance level of Bartlett was zero meaning good validity.

#### *Data analysis method*

Assessment of the goodness of fit of the pattern recommended was made through structural equations modeling. To estimate the analyses required and the impacts of the independent, mediating variable on dependent variable, the statistical software (AMOS) was applied.

5. RESEARCH FINDINGS

Descriptive statistics of the demographic variables implicated that 78.1% of people were men and 21.9% were women. In terms of education, 7.8% were over diploma, 725 were B.As. While 20.2% were holding M.A. degrees.

5.1. Examining the model and research hypotheses

To measure the research hypotheses, three correlation tests, regression and structural equations and SPSS software and AMOS were applied. In the following, the model in the state of standard approximation ( $\beta$  standard coefficient) is shown. If the significance level is smaller than 0.05, the relationship between the two variables will be significant; also, in accordance with the  $\beta$  standard approximation coefficient, the extent to which variables impact on each other will be addressed.

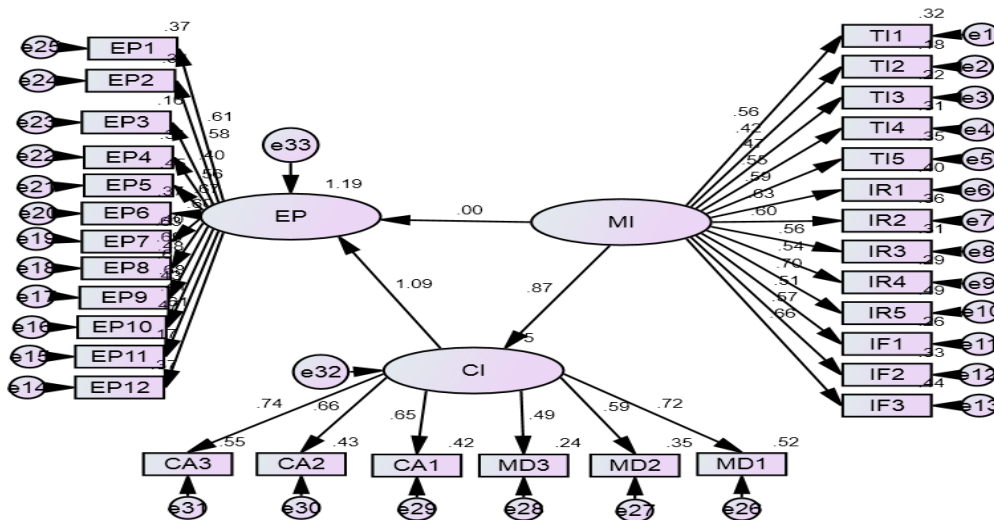


Figure 2. Structural equations modeling

|            |    |                    |         |       |
|------------|----|--------------------|---------|-------|
| Chi-square | df | X <sup>2</sup> /df | p-Value | RMSEA |
| 140        | 94 | 1.48               | 0.000   | 0.056 |

In table (2) The significance value has been specified between the variables and their T value.

Table 2.

| P   | t-value | Correlation coefficient |                     | Relation |                       |
|-----|---------|-------------------------|---------------------|----------|-----------------------|
| *** | 21.818  | 0.936                   | Type of information | →        | Competitive advantage |
| *** | 13.832  | 0.894                   | Information sources | →        | Competitive advantage |
| *** | 10.800  | 0.827                   | Alternation in use  | →        | Competitive advantage |
| *** | 9.910   | 0.837                   | Cost advantage      | →        | Exports performance   |
| *** | 12.724  | 0.873                   | Market distinction  | →        | Exports performance   |

As seen in figure 2 and table 2, the significance number between the dimensions of the type of information and competitive advantage is greater than 1/96 and has a significance level of zero being smaller than 0/05. Therefore, the first hypothesis is affirmed and supported at the 95%

confidence level. In other words, one can claim that from the perspectives of the respondents, there is a significant relationship between the type of information and the competitive advantage. Thus, the impacts of the dimensions of type of information on the competitive advantage are approved. Also, the number of significance between the sources of information and the competitive advantage is greater than 1/96 with a significance level of smaller than 0.05. Thus, the second hypothesis is supported at the 95% confidence level. In other words, we can state that from the view of the respondents, there is a significant relationship between the sources of information and the competitive advantage. Also, the significance number between the alternation in using information and the competitive advantage is greater than 1/96 with the significance level being smaller than 0/05. Thus, the third hypothesis is also accepted with a 95% confidence level. Regarding hypotheses fourth and fifth, the significance number for the cost advantage and market distinction with exports performance is greater than 1.96 and both variables have significance level of zero being smaller than 0.05. Thus, fourth and fifth hypothesis are supported at the 95% confidence level. In order to measure the goodness of fit of the conceptual model, in accordance with the indices estimated in table 3, the structural model is enjoying acceptable goodness of fit. Thus, the results obtained from the model approximation are reliable.

Table 3. Model enjoys an appropriate situation

| Goodness of fit index                            | Favorable value | Result |
|--|-----------------|--------|
| $X^2/df$   | <3.00           | 1.67   |
| GFI (Goodness of fit index)                      | >0.90           | 0/957  |
| RMSEA (Root Means Square Error of Approximation) | <0.08           | 0/056  |
| AGFI   | >0.90           | 0/907  |

As seen the model enjoys an appropriate situation in terms of goodness indices. While investigating the relationship between the three variables, direct and indirect effects on each other need to be estimated. Direct effects: indicates the direct effect of the variable x on the variable y ( $\beta_1$ ). Indirect effect: indirect effect of the variable x on the variable y through another predicting variable. Relationship between x and y is once indirect when x is the cause of y and z has effect on y. Overall effect s: direct effects +indirect effects. Indirect effects: the product of coefficients of each direction ( $\beta_2 * \beta_3$ ) (Habibi, 2013).

Table 4. Product of coefficients of each direction

| Overall effects                 | Indirect effects    | Direct effects | Direction |
|---------------------------------|---------------------|----------------|-----------|
| $\beta_1 + (\beta_2 * \beta_3)$ | $\beta_2 * \beta_3$ | $\beta_1$      | x->z      |
| B3                              |                     | B3             | y->z      |

Given the descriptions mentioned, we deal in this section with examining the relationship between the marketing intelligence and exports performance by using the competitive advantage.

Table 5. Results relating to the research direction

| Overall effects | Indirect effects | Direct effects | Direction                                      |
|-----------------|------------------|----------------|--|
|                 | 91.087*          | 0.00           | Marketing intelligence<br>←Exports performance |
| 1.05            |                  | 91.0           | competitive advantage<br>←Exports performance  |



Generally, if the overall effect is estimated less than  $0/3$ , the observed correlation is not significant; if the overall effect is between  $0/3$  to  $0/6$ , the correlation is favorable and if the overall effect is over  $0/6$ , the correlation will be highly favorable (Habibi, 2013). Given the results of the table 4, the overall effect between the variables under investigation in this research equals 0.95 which indicates there is a significant relationship between the marketing intelligence and exports performance by using the role of the competitive advantage.

## 6. CONCLUSION

The current paper was conducted with the aim of investigating the role of the competitive advantage in the relationship between the marketing intelligence on the export performance within the scope of the activities of the Industrial towns in the city of Ilam. The findings resulting from the data analysis implicated that there is a significant and direct relationship between dimensions of the marketing intelligence (type of information, sources of information, and alternation in using information) and the competitive advantage ( $r=0.986$ ) and between the competitive advantage and the export performance ( $r=0.925$ ), which is to say the more the level of information like gathering of the information needed for understanding the existing and future needs, the more the companies competitive advantages will rise and the more the level of information sources like valuable information get improved the competitive benefit of the companies will certainly rise. However, the more the alternation in using information increases it will be cost effective and will add to the competitive advantage of the staffs and companies as well. However, it is recommended that:

1. It is recommended that marketing researches be used in line with understanding the needs and wants of the clients, weak and strong points of the rivals and optimization of marketing activities and their sales.
2. Emphasis on inert-sectorial coordination through participation by sectors in formulating programs and strategies, balanced distribution of sources between sectors, distribution of information resulting from the experiences of the clients between sectors and awareness of each sector in presenting the superb value will be effective in terms of the competitive power and advantage
3. More attention needs to be directed at marketing intelligence. Managers should not seek to conduct marketing researches and gather a mass of non-useful information rather they need to create some practical intelligence via summarizing proper information and exact interpretation of the data for their own organization
4. In line with improving the exports performance, managers are recommended to regularly identify their own weak and strong points and determine the marketing strategies of their own rivals
5. It is recommended to managers and directors to launch widespread campaigns in order to be aware of the products they provide for their customers.

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