

**PRACTITIONERS' PERCEPTION ON THE ROLES OF MARKETING  
CONSULTANTS IN DEVELOPING COMPETITIVE INTELLIGENCE IN NIGERIAN  
SMEs**

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***ABSTRACT:*** *this study focused on Practitioners' Perception on the Roles of Marketing Consultants in Developing Competitive Intelligence in Nigerian SMEs. The researchers used descriptive survey tool (questionnaire) to gather data from 60 firms which consists of 45 small and medium scale enterprises and 15 marketing consultants selected from the five south-eastern states of Nigeria (Abia, Anambra, Ebonyi, Enugu and Imo State). The total population for this study was 702 members of staff of both the SMEs and the marketing consulting firms; however, purposive sampling technique was used to draw a sample of 150 respondents from the population. The data gathered were then analyzed using kruskawalis test (H) and the pearson product moment correlation (PPMC) with the aid of 20.0 version of SPSS. The study concludes that the challenge of competitive intelligence of Nigerian SMEs can be solved through the proper and timely engagement of marketing consultants either through direct recruitment of marketing professionals and establishment of marketing research unit who will be charged among other things with the responsibility of gathering, classifying, storing and making available relevant and current information on competitors and other market dynamics for strategic decision making. The researchers advocate a more serious engagement of marketing consultants by SMEs in order to develop their competitive intelligence which will drive their profitability and sustainability. It was also recommended that government through some of their agencies like SMEDAN can avail SMEs such service in order to share the burden of cost involved in competitive intelligence development*

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**Keywords: competition mapping, competitive, consultants, intelligence, risk assessment**

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## **INTRODUCTION**

It is now a common knowledge among scholars and practitioners alike that small and medium scale enterprises especially in developing economies like Nigeria are faced with myriad of challenges. Despite the general operational environment that is increasingly becoming gloomy,

frequent change in government policies that exposes them to stiff competition from imported products, and low patronage of made in Nigerian goods due to the general poor perception about their quality, most SMEs are suffering from lack of internal competencies that can advance their competitiveness. One of these internal inadequacies that have affected the performance of Nigerian SMEs is lack of well defined and co-ordinated strategy. In developing their strategies, they tend to merely the feelings of their owners which most times are void of true market trends and intelligence making it difficult for them to swiftly respond to market changes. Shi (2011) believes that intelligence is a comprehensive ability to use one's existing knowledge or experience to adapt new situations or solve new problems.

Adapting this to the present Nigerian economy, it becomes obvious that SMEs that must survive competition must be such that are given to continuous study and understanding of current market information. However, due to dearth of professionals especially marketers and managers in general in the employment of most Nigerian SMEs, an information gap is created. To fill this gap therefore, the services of marketing consultant becomes expedient. A marketing consultant is a very skilled professional who understand analysis, what motivates consumers and how to put strategies in place to improve business. Some people confuse advertising agencies and marketing consultants, assuming that marketing consultants do the same thing but independent from an agency.

#### *Purpose of the study*

The general purpose of this study is to examine the practitioners' perception on the roles marketing consultants can play in enhancing Nigerian SMEs competitive intelligence. Its specific objectives include;

- i. To examine practitioners perception on the extent of marketing consultants engagement by SMEs in Nigeria with reference to competitive intelligence development
- ii. To examine practitioners perception on SMEs competition mapping skills enhancement through marketing consultants engagement
- iii. To examine practitioners perception on marketing consultants on market risk assessment

#### *Hypotheses*

H<sub>01</sub>: There is no significant engagement of marketing consultants by SMEs in Nigeria with reference to competitive intelligence development

H<sub>02</sub>: SMEs competition mapping skills cannot be enhanced through the engagement of marketing consultants

H<sub>03</sub>: Marketing consultants' engagement do not enhance the market risk assessment of SMEs significantly

## **REVIEW OF LITERATURES**

In the words of Nenzhelele and Pellissier (2013), competitive intelligence is defined as a process or practice that produce actionable intelligence by ethically and legally collecting, processing and analyzing information about the external or competitive environment in order to help in decision-making and to provide competitive advantage to the enterprise The Society of Competitive Intelligence Professionals (SCIP, 2008) defines CI as a systematic and ethical process for gathering, analysing and managing external information that can affect the company's plans, decisions and operations. To Colakoglu, (2011), competitive intelligence means a systematic process initiated by organizations in order to gather and analyze information about

competitors and the general socio-political and economic environment of the firm. Emphasizing the need for competitive intelligence, Shih et al (2010), posit that in order to sustain a competitive position, managers should prepare to respond promptly to changes in customer preferences, competitor strategies and technological advancements. For these reasons, many enterprises – whether public or private, and small or large – initiate their own competitive intelligence (CI) services to advise their decision makers. In the view of Deng and Luo (2010), competitive intelligence plays an increasingly important role in the strategic management and decision making of an enterprise. Peltoniemi and Vuori (2008) point out that through CI, enterprises aim to acquire relevant and accurate knowledge about the actions and plans of competitors on which managers can base their decisions. By the plethora of definitions of competitive intelligence available in literatures, one can say that CI is not limited to a particular industry or organizational size, rather it is an integral part of forward looking and sustainability oriented organizations

### ***Benefits of Competitive Intelligence to SMEs***

Ranjit, (2008), state that competitive intelligence (CI) can help formulate strategy through an understanding of the company's industry, the company itself, and its competitors. CI therefore is the essence of strategic business analysis. It can also help identify areas of improvement as well as risks and opportunities. Specifically, by using CI firms may reach better performance in the following areas;

- Acquisition of new business
- Retention of existing business
- Improvements in sales-force performance and morale
- Identification of new business opportunities
- Sharing of ideas
- Improved ability to anticipate surprises
- Improving managers' analytical skills
- Integrating diverse ideas
- Enhancing organization's competitiveness
- Predicting, with a high level of trust, business environment's evolutions, competitors' actions, customers' requirements, even influences generated by political changes
- Providing a better and better support for strategic decision making process (Anica-Popa & Cucui, 2009).

### ***Competitive Intelligence Process***

The number of the stages of competitive intelligence process varies based on the opinion of different authorities. Bose (2008) identifies five stages of it: (1) planning and direction; (2) collection; (3) analysis; (4) dissemination and (5) feedback. Dissemination means the same as communication. The last stage which is feedback is aimed at evaluation of the competitive intelligence data which is provided to company's managers. Salles (2006) advanced three stages in the competitive intelligence process which include; (i) intelligence stage or so-called stage of information collection aimed at problem identification and perception of problem structure, (ii) design stage aimed at the search of possible solutions, and (iii) selection stage aimed at the making of the final decision to solve a particular problem. Gaidelys (2010) interpreted competitive intelligence process as follows: it is working out new products and introducing them

into the market; keeping up strategies, purchasing of new companies and mergers of business included; sales and supply to the market; human resources; marketing communications. The CI process is often cited in literature as a five-phase process, consisting of formal and informal activities: planning and focus, data and information collection, analysis, dissemination and feedback of intelligence. Straus and Toit, (2010) discussed the stages in competitive intelligence process as;

❖ *Planning and focus:* In this phase the company's defines their needs in terms of what information is needed? Why is it needed? When is it due? - Effective intelligence processes do not attempt to collect all possible information or research everything related to a subject. CI should only focus on those issues of highest importance to senior management (Herring, 1998). It involves working with decision makers to discover their intelligence needs and then translating those needs into their specific intelligence requirements or key intelligence topics (KITs) (Weiss, 2002). This phase is required to allow the necessary resources for the CI process.

❖ *Collection:* according to Richard (2007), in this phase the organization's needs must be translated into specific elements of information that will be required. A list of questions and selected potential sources should be prepared in advance in order to make collection activities more targeted and effective. Information is collected from a variety of different sources. These include both primary and secondary sources. Primary data comes straight from the source, your competition or people who know about your competition. Primary sources may be industry experts (e.g., analysts and consultants), as well as customers, suppliers and key staff members within such departments as corporate communications and investor relations. According to Kahaner (1998), the single best source of CI is your sales force. Similarly, the people in your organization who talk to suppliers and truckers often can unearth valuable competitive information. Other good primary sources include: Speeches by CEOs and others in top management, articles, research papers, or books authored by employees, company Web site content, patents and commercial registry findings, surveys and interviews, remote sensing (such as from cameras or satellite imagery), building permits and Uniform Commercial Code (UCC) registrations .

Secondary data sources can include various databases and print publications, such as analysts' reports, government publications, industry newsletters, annual reports, executives' speeches, technical reports, patent reports and publications generated by competitors. External sources do not have to be published; in fact, most managers get much of their information from word-of-mouth through a personal network of contacts. Obviously, the Internet comes heavily into play here (Richard, 2007). Internet has vastly simplified the task of discovering information about competitors and industry trends from: Newspapers; business magazines, and other print media, electronic sources, analysts' reports and expert opinions, books about the industry or company, published commentary and observations, legal briefs and filings, general blogs, employee blogs, collection is also about ensuring that the information and sources of information are tested for reliability and credibility.

❖ *Analysis:* Miller, (2001) averred that this stage is an essential step which includes analysis of collected data to identify patterns, relationships, or anomalies in it. It involves interpreting and translating the collected raw data into "actionable intelligence". Many practitioners believe that this is where "true" intelligence is created, that is converting information into usable intelligence on which strategic and tactical decisions may be made (Herring, 1998). Professionals evaluate the data to determine the validity of their assumptions as well as the probability of the forthcoming impacts. A number of analytical tools and models are

available to place the collected data within a useful context for strategic decision making. Gray (2010), identified strategic analytical techniques to include; SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, competitor profiles, environmental scanning, modeling, PEST, industry analysis (Porters Five Forces Model), financial analysis, BCG growth/share portfolio matrix, GE Business screen matrix, scenarios, war gaming and Value chain analysis

❖ *Communication and feedback:* Miller (2001), states that the results of the intelligence process need to be communicated to the appropriate decision-makers within the firm in a format that is easily understood. Fleisher, (2001) posits that there are several ways of presenting and disseminating competitive intelligence throughout a firm. Intelligence communication can take place via ad hoc reports, alerts, e-mails, presentations, news briefs, competitor files and special memos. Some companies hold periodic competitive debriefings for senior management in order to discuss the firm's principal competitors, their performance, their possible actions and the implications for the firm. Feedback activities involve measuring the impact of the intelligence that was provided to the decision makers.

### ***Challenges of Developing and Adopting Competitive Intelligence in SMEs***

Hesford (2008) states that some of the challenges SMEs face in developing and adopting competitive intelligence includes; lack of training, lack of resources and an inability to provide compelling evidence. Muller (2007) identified and briefly discussed the following challenges:

*Creating a participatory environment and awareness of CI:* This is a continual challenge. The CI Foundation's survey found that most CI practitioners created exposure to senior management through the distribution of their deliverables. They presented an excellent opportunity for CI practitioners to demonstrate the value CI provides to the enterprise.

*Budgetary constraints:* It seems to be a global reality for CI units, and budgets shrink or grow over time depending on economic factors.

*Management participation and visibility:* This remains a constant challenge, although most respondents reported regular contact with their senior management through their deliverables and many reported high levels of CI awareness and increased management visibility.

*Personnel issues:* Finding and retaining the right skills set is another challenge.

*Showing return on investment/value:* Few enterprises measure the return on investment of CI and showing value on a constant basis remains a challenge to CI units.

*Identifying critical information needs and the effective and timely gathering of relevant information:* Effectiveness includes the optimal use of internal sources of information and knowledge.

*Training and education in CI:* Educational institutions that offer CI courses are rare

## **METHODOLOGY**

The researchers used descriptive survey tool (questionnaire) to gather data from 60 firms consists of 45 small and medium scale enterprises and 15 marketing consultants selected from the five south-eastern states of Nigeria (Abia, Anambra, Ebonyi, Enugu and Imo State). Three SMEs and one marketing consultants were selected from each of the geo-political zones of the States under study. The total population for this study is 702 members of staff of both the SMEs and the marketing consulting firms; however, purposive sampling technique was used to draw a sample of 150 respondents from the population. The data gathered were then analyzed using the kruskawalis test (H) and the pearson product moment correlation (PPMC) with the aid of 20.0 version of SPSS

## RESULTS

In this section the result of the data as tested using methods above and the 20.00 version of SPSS was presented

### SPSS Output for Hypothesis One

Descriptive Statistics					
	N	Mean	Std. Deviation	Minimum	Maximum
PPR	20	30.0000	12.40119	10.00	51.00
RANKS	20	3.0000	1.45095	1.00	5.00

Ranks			
	RANKS	N	Mean Rank
PPR	1.00	4	9.25
	2.00	4	17.00
	3.00	4	9.75
	4.00	4	13.25
	5.00	4	3.25
	Total	20	

Test Statistics <sup>a,b</sup>	
	PPR
Chi-Square	11.970
Df	4
Asymp. Sig.	.060

a. Kruskal Wallis Test

b. Grouping Variable: RANKS

The p-value of hypothesis one above is 0.060 which is greater than 0.05 level of significance. This suggest that practitioners perception of SMEs engagement of marketing consultant in the south-eastern part of Nigeria is not significant

### SPSS Output for Hypothesis Two

Descriptive Statistics					
	N	Mean	Std. Deviation	Minimum	Maximum

RESPONSE	25	30.0000	17.04651	9.00	69.00
RANKS	25	3.0000	1.44338	1.00	5.00

**Ranks**

	RANKS	N	Mean Rank
RESPONSE	1.00	5	4.50
	2.00	5	18.20
	3.00	5	10.50
	4.00	5	22.40
	5.00	5	9.40
Total		25	

**Test Statistics<sup>a,b</sup>**

	RESPONSE
Chi-Square	19.117
Df	4
Asymp. Sig.	.001

a. Kruskal Wallis Test

b. Grouping Variable: RANKS

Since the p-value (0.01) is less than 0.05, the null hypothesis is rejected and the alternative hypothesis accepted

*SPSS Output for Hypothesis Three*

**Descriptive Statistics**

	Mean	Std. Deviation	N
SMEs	5.0000	3.20713	15
CONSULTANTS	5.1333	2.97289	15

**Correlations**

	SMEs	CONSULTANTS
		S

SMEs	Pearson Correlation	1	.584*
	Sig. (1-tailed)		.011
	Sum of Squares and Cross-products	144.000	78.000
	Covariance	10.286	5.571
	N	15	15
CONSULTANTS	Pearson Correlation	.584*	1
	Sig. (1-tailed)	.011	
	Sum of Squares and Cross-products	78.000	123.733
	Covariance	5.571	8.838
	N	15	15

\*. Correlation is significant at the 0.05 level (1-tailed).

## CONCLUSION

As turbulent as the Nigerian business environment, this study discovered that SMEs in Nigeria are yet to understand the essence of marketing consultants engagement hence; their lack of adequate proper market information which is a sine quanon for competitive intelligence. This study therefore concludes that the challenge of competitive intelligence of Nigerian SMEs can be solved through the proper and timely engagement of marketing consultants either through direct recruitment of marketing and establishment of marketing research unit who will be charged among other things with the responsibility of gathering, classifying, storing and making available relevant and current information on competitors and other market dynamics for strategic decision making. Alternatively, an independent marketing consultant can be engaged at a fee to provide such services.

## RECOMMENDATIONS

The researchers advocate a more serious engagement of marketing consultants by SMEs in order to develop their competitive intelligence which will drive their profitability and sustainability. It is also recommended that government through some of their agencies like SMEDAN can avail SMEs such service in order to share the burden of cost involved in competitive intelligence development

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