

# COMPETITIVE INTELLIGENCE AND ITS IMPLICATION FOR COMPETITIVE ADVANTAGE IN NIGERIA BREWERY INDUSTRY

Felix ORISHEDE

Department of Business Administration  
Delta State University, Abraka, Delta State, Nigeria  
08033454611  
[orishedefelix@gmail.com](mailto:orishedefelix@gmail.com)

## Abstract

Business is driven by profit and in order to remain competitive, companies need not only to protect their interests, but also to expand their interests. They need to out-innovate their competitors. The main aim of this study was to investigate the practices of competitive intelligence in the Nigerian Brewery industry, specifically in relation to its impact on competitive advantage. Stratified systematic sampling method (Lottery method) was employed to select a number within the interval of  $1 - K$ . Subsequently, every  $K^{\text{th}}$  worker was included in the sample. Staff status was the basis of stratification. The data used for the study were collected with the aid of questionnaire which contains items that addressed the objectives of the study. The findings revealed that competitive intelligence to a large extent enhances firms operation; the study however concluded that competitive intelligence to a large extent enhances competitive advantage in the brewery industry. The study recommended that organizations should develop data banks where large amount of data can be stored and retrieved for innovative actions and applications in organizational operations.

Keywords: Competitive intelligence, Competitive advantage, Nigeria Brewery Industry.

## Introduction

The nature of business and by definition competitive intelligence under the strategic intent doctrine of competing and out-innovating the competitors should be offensive, not defensive. However, the opposite is unfortunately true. Gilad (1996) states that most companies are in a reactive mode, focused on identifying events after they had taken place rather than having a system of 'early warning' in place. Today, it is not enough to track the competitors, which is in essence a passive or defensive approach. The tracking of competitors are conducted to be able to create a model for 'competitive response modeling, implying much more than simple understanding – the implication is to anticipate actions, understanding intentions rather than tracking events. This strategy has proven to be very successful in the past.

Porter (1998) states that for companies to remain or become truly globally competitive, it is recognized that information is required to support decisions on various levels of the organization. In a world of information overload, the emphasis is not on more information but on actionable intelligence, capable of guiding decisions in companies. Competitive intelligence should be positioned in the company to identify threats in the strategic environment capable of impacting negatively on the future of the company. A second and equally important function of competitive intelligence is to identify new opportunities for the company, leading to innovation and ultimately benefiting the competitive status of the company. Kahaner (1996) explains that intelligence may be required to attain a competitive advantage in a particular area of the company and could

provide the company with a competitive edge by creating an advantage in one particular area of the company.

Intelligence is required to make an executive decision on the future of the company in terms of, for example, a joint venture partnership. Intelligence may be required on an operational level to support a decision in terms of, for example, the price to purchase raw material or technological information for research and development purposes or marketing or competitor intelligence. Schnaars (1994), asserts that competitive intelligence strategy implies the need to fully understand the market leader and to build on its learning and mistakes. Evidence points to the fact that successful companies build 'layers' of competitive advantage rather than one transient advantage. These layers suggest constant search for new competitive advantages faster than the competition can copy the existing ones, and reducing risks by having a portfolio of advantages. Whatever the core strategy of the company - winning through competitive innovation or competitive imitation - both place enormous demands on an intelligence function. This decision has a direct impact on the intelligence process applied to support decisions in the company. In the case of competitive innovation, it radically alters the nature, scope and organizational relationships of competitive intelligence in the organisation.

Business is driven by profit and in order to remain competitive, companies need not only to protect their interests, but also to expand their interests. They need to out-innovate their competitors. Prahalad and Hamel (1990) explain that competitive innovation is the 'art of containing competitive risks within manageable proportions'. To achieve this, it implies a fundamentally different approach in terms of expanding the interests of the institution. A new intelligence process for business is required, keeping in mind the fundamental differences and understanding

the needs of business to be pre-active and to search for new opportunities.

Prahalad and Hamel (1990) in their work, continue in depicting traditional competitor analysis in the West as outmoded, because it concentrates on existing resources. 'Assessing the current tactical advantages of known competitors will not help you understand the resolution, stamina, and inventiveness of potential competitors.

Gilad and Smith (1998) argue that while the majority of executives in industries are happy with the way their company handle the gathering and communication of competitive data, the reality is that their efforts are wholly inadequate and that very few companies possess a serious competency in competitive intelligence. The unmistakable conclusion from this study is that the executive decision makers were not getting the right information at the right time in order to make decisions, thereby inhibiting competitiveness. Thus, this study seeks to bridge the gap by deepening our understanding on how competitive intelligence can be used to improve competitive advantage in the brewery Industry.

#### Statement of the Problem

In the Competitive Intelligence gathering stage, Competitive intelligence involves the key defining event of personnel involved in competitive activities located mostly in Library, internet or Marketing department and the primary skill is the capability to find information. Despite the fact that organization has collected large amount of data, over gathered data rarely were applied some static analyses which may have adverse effect on organizational competence. Thus, the inability of fielding creative personnel on such sensitive tasks poses a myriad of problem to the study. Competitive intelligence is understood as a 'value added product resulting from the collection, evaluation, analysis, integration, and interpretation of all available information

that pertains to one or more aspects of a decision maker's needs, and that is immediately or potentially significant to decision making, competitive intelligence the process of developing actionable foresight regarding competitive dynamics and nonmarket factors that can be used to enhance competitive advantage'.

Another shortcoming is occasioned by very weak connection between competitive intelligence and decision making process. The inability of organisations to adapt to trends, and management executing and implementing decision identified renders the organisation's practices obsolete and hampers competitiveness. The study therefore seeks to examine the implications of competitive intelligence for competitive advantage by specifically examining the effect of competitive intelligence process on the enhancement of organizational operations and providing competitive advantage to the organizations in the brewery industry.

#### Related Studies

Intelligence is more than reading newspaper articles; it is about developing unique insights regarding issues within a firm's business environment. Miller (2000). Competitive intelligence is defined as the process of developing actionable foresight regarding competitive dynamics and non-market factors that can be used to enhance competitive advantage. Competitive intelligence moves beyond traditional environmental scanning and market research by focusing on all aspects of the firm's environment (i.e., competitive, technological, social, political, economic, and ecological) and at various levels of the firm's environment (i.e., remote, industry, and operating). Competitive intelligence delineates between information and its analysis to produce intelligence. Prescott (1999).

It is not easy to find just one all-encompassing definition of Competitive intelligence. This

may be due to relatively short history and high diversity of practical application within this field. The Society for Competitive Intelligence Professionals (SCIP) says "competitive intelligence is a necessary, ethical business discipline for decision making based on understanding the competitive environment." (SCIP<sup>2</sup>). "Competitive intelligence is information that's been analysed to the point where you can make a critical decision. Driving that information to a decision point is where the value lies. Miller (2000).

Competitive intelligence is the process of monitoring the competitive environment. To be more exact, competitive intelligence is a systematic and ethical program for gathering, analyzing, and managing information that can affect a company's plans, decisions, and operations. Kahaner (1996). To summarize the commonalities, competitive intelligence is defined as an information-gathering process involving the analysis of a company's external environment, including its competitors, in order to remain competitive. Bouthillier and Shearer (2003).

As we can see, most definitions are related to the business field. Although CI techniques and methods are also used in military, research, politics and, basically, in all fields that are based on competition and advantage – business CI is well researched, widely used and discussed and probably most published. CI is designed to help the subject (company, organization, etc.) to beat the competition by analysing legally obtained information about external environment and competitors in particular.

According to Calof (2001), competitive intelligence is defined as An actionable recommendation arisen from a systematic process, involving planning, gathering,

analyzing and disseminating information on the external environment, for opportunities or developments that have the potential to affect a company or a country's competitive situation. Despite the positive impact and growth of competitive intelligence, there exists a variety of associated ethical issues that are still unresolved. First we notice that competitive intelligence is different from industrial espionage. For example, Rittenburg (2006) go further and propose a theoretical framework that outlines various factors that impact ethical decision-making in competitor intelligence gathering situations. They highlight that ethical decision-making for competitive intelligence gathering can be proactively managed. Crane (2005) point out that industrial espionage or spying is both unethical and illegal. There is sometimes a fine line between the legitimate tactics of competitive intelligence gathering and the illegitimate practice of industrial espionage. At the end competitive intelligence is conducted in order to gain more knowledge about things to come so that today's decisions can be based more solidly on available expertise than before. Prescott (1999) outlines a decision-oriented approach to design a competitive intelligence program.

At the most fundamental level, firms create competitive advantage by perceiving or discovering new and better ways to compete in an industry and bringing them to market, which is ultimately an act of innovation. Innovations shift competitive advantage when rivals either fail to perceive the new way of competing or are unwilling or unable to respond. There can be significant advantages to early movers responding to innovations, particularly in industries with significant economies of scale or when customers are

more concerned about switching suppliers. The most typical causes of innovations that shift competitive advantage are: new technologies, new or shifting buyer needs, the emergence of a new industry segment, shifting input costs or availability and changes in government regulations.

But besides watching industry trends, what can the firm do? At the level of strategy implementation, competitive advantage grows out of the way firms perform discrete activities - conceiving new ways to conduct activities, employing new procedures, new technologies, or different inputs. The "fit" of different strategic activities is also vital to lock out imitators. Porters "Value Chain" and "Activity Mapping" concepts help us think about how activities build competitive advantage.

A firm gains competitive advantage by performing these strategically important activities more cheaply or better than its competitors. One of the reasons the value chain framework is helpful is because it emphasizes that competitive advantage can come not just from great products or services, but from anywhere along the value chain. It's also important to understand how a firm fits into the overall value system, which includes the value chains of its suppliers, channels, and buyers.

With the idea of activity mapping, Porter (1996) builds on his ideas of generic strategy and the value chain to describe strategy implementation in more detail. Competitive advantage requires that the firm's value chain be managed as a system rather than a collection of separate parts. Positioning choices determine not only which activities a company will perform and how it will configure individual activities, but also how

they relate to one another. This is crucial, since the essence of implementing strategy is in the activities - choosing to perform activities differently or to perform different activities than rivals. A firm is more than the sum of its activities. A firm's value chain is an interdependent system or network of activities, connected by linkages. Linkages occur when the way in which one activity is performed affects the cost or effectiveness of other activities. Linkages create tradeoffs requiring optimization and coordination.

Porter describes three choices of strategic position that influence the configuration of a firm's activities:

**Variety-Based Positioning** - based on producing a subset of an industry's products or services; involves choice of product or service varieties rather than customer segments. Makes economic sense when a company can produce particular products or services using distinctive sets of activities.

**Needs-Based Positioning** - similar to traditional targeting of customer segments. Arises when there are groups of customers with differing needs, and when a tailored set of activities can serve those needs best.

**Access-Based Positioning** - segmenting by customers who have the same needs, but the best configuration of activities to reach them is different. (i.e. Carmike Cinemas for theaters in small towns)

Porter's major contribution with "activity mapping" is to help explain how different strategies, or positions, can be implemented in practice. The key to successful implementation of strategy, he says, is in combining activities into a consistent fit with each other. A company's strategic position, then, is contained within a set of tailored activities designed to deliver it. The activities

are tightly linked to each other, as shown by a relevance diagram of sorts. Fit locks out competitors by creating a "chain that is as strong as its strongest link." If competitive advantage grows out of the entire system of activities, then competitors must match each activity to get the benefit of the whole system. Porter (1990) while discussing the sustainability of competitive advantage, emphasized that hierarchy of source (durability and imitability) lower-order advantages such as low labour cost may be easily imitated, while higher order advantages like proprietary technology, brand reputation, or customer relationships require sustained and cumulative investment and are more difficult to imitate. Number of distinct sources are harder to imitate than few, Constant improvement and upgrading of firm is essential for creating new advantages at least as fast as competitors replicate old ones.

#### Class A Source of Competitive Advantage

It is generally accepted that CI is relevant to the competitiveness of an organization, even when considering different implementation models and the difficulties of relating intelligence activities to organizational performance. Also, several theoretical approaches, such as competitive forces, the resource-based theory of the firm and the dynamic capabilities approach all support the idea that CI is able to provide the organization with sustainable competitive advantage (CA). As defined by Eisenhardt and Martin (2000), dynamic capabilities consist of "organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die ". To be able to create sustainable CA, these capabilities must be

- (a) Strategic, which means they are associated with the needs of the organization's customers, providing a source of revenue;
- (b) Unique, so that prices of produced goods or services can be established without concern for competition; and
- © Difficult to imitate, so that profits are not eroded by competition. These distinctive capabilities cannot be surmounted, using the same market logic and cannot be bought or sold, unless one buys the whole organization or a significant part of it. In short, one must build them and that can take a long time. Consequently, competition among companies, which was formerly focused on markets or products, has now shifted to the application of unique resources derived from specific organizational processes.

It is possible to observe a synergy between the concepts of dynamic capabilities and CI. In organizations where it is fully established, CI can be seen as an information processing routine that looks forward to prepare the organization to compete (and win) in changing environments, whose dynamism is the result of systematic monitoring. By continuously observing and analyzing the external (and also the internal) environment, the organization is able not only to adapt its processes (decision making, strategic planning, planning, marketing planning, R&D, etc.) to environmental changes, but also to anticipate these changes.

This idea has been confirmed by empirical research. Teece et al. (1997) cite as an example, a study accomplished by Garvin conducted in 18 air-conditioning factories, whose quality of performance was due not so much to invested capital or to the degree of

facilities automation, but mainly to the special routines that included gathering and processing of information and directly connecting consumer experience with product development, thereby improving the production process.

According to this logic, CI as a source of CA is still supported, from the perspective of dynamic capabilities, even when it is understood as an activity within a broader planning process. Eisenhardt and Martin (2000) characterize product development and strategic decision-making routines as dynamic capabilities, whose aim is to integrate resources. In general, the processes of acquiring and structuring information and knowledge are central to a dynamic capabilities perspective. Collecting and processing information and knowledge are part of organizational learning Yeo,S (2003) a procedure referred to as essential in explaining how organizations employ their resources and build competencies.

#### The Nigerian Brewery Industry

The Nigerian beer industry has recorded a decline in growth as at third quarter 2013, research has shown, with high cost of living and heightened security concerns highlighted as major factors. The Nigeria's beer industry is a very vital component of Nigeria's non-oil sector, which has largely contributed to economic growth in recent times, experts say. The industry is also pivotal to the manufacturing sector of Nigeria. Reports reveal beer consumption in Nigeria has been experiencing growth of 9 per cent annually over the last 10 years. This growth was as a result of foreign investments in new production plants, rising disposable income, and changing consumption patterns.

Nigeria's favourable demographics, with a populous and vibrant youth and growing middle class are also contributing growth factors. Analysts estimate an installed capacity deficit of 53m hectoliters (hl) to serve this market with huge potentials.

Nigeria has moved from a duopoly beer industry, to an oligopoly one. Heineken has a 71% share, through its two subsidiaries, Nigerian Breweries Plc (NB Plc) with 61% market share and Consolidated Breweries with a 10% market share. Diageo has a 27% market share through its stake in Guinness Nigeria. South African Breweries Miller (SABM) is a more recent entrant to the market and has a growing but very significant stake in the industry.

NB Plc has the largest capacity and coverage, with about eight breweries located across the country, (estimated to have total annual capacity of 13.5mn hl). Guinness operates four breweries (total annual of 7.5mn hl by 2014 due to on-going capacity expansion). SABM has built up its capacity (by acquisition) to approximately 1.8mn hl, which includes Pabod Breweries in Port Harcourt, International Breweries in Ilesa and Onitsha.

The attractiveness or otherwise of an industry depends on varying factors ranging from favourable returns on investment to the interaction of the components of the industry structure. Despite the challenges highlighted, analysts say Nigeria's beer industry is attractive and the outlook is bright.

"From our analysis, we conclude that the industry is attractive. We note that though the barriers to entry are high, the bargaining power of suppliers is moderate, while the bargaining power of buyers is low. There is little threat of substitutes for the products produced in the industry and favourable complements for the products," FDC said.

The recent entrance of SABM into the Nigerian market through the acquisition of two regional brewing companies, has also given rise to speculation regarding the future dominance of the two incumbent majors (NB Plc & Guinness Nigeria Plc). SABMiller has grown from a regional player into the world's second largest brewer by volumes in the space of 15 years. Its decentralised approach, with the belief that beer is a local business (where local brands resonate strongly with consumers) has been instrumental in the growth of the business, according to Renaissance Capital, an investment bank.

Recent research reveals that, overall, the Nigerian beer market has witnessed a decline of about 10 per cent in 2013 on the back of two key factors: increased pressure on flexible income resulting from high cost of living, and heightened security concerns in certain part of the country which has added pressure on distribution and cost of commodities thereby restricting beer consumption to safe locations, among other factors. Financial Derivatives Company, a diversified financial institution, said the nation's beer market has seen a decline in the super-premium and mainstream brands to the benefit of value / growth brands (8.3 per cent growth in 2013) typically characterized by relatively lower prices. Such brands include Trophy lager, Hero beer, Goldberg, Life beer and Dubic beer.

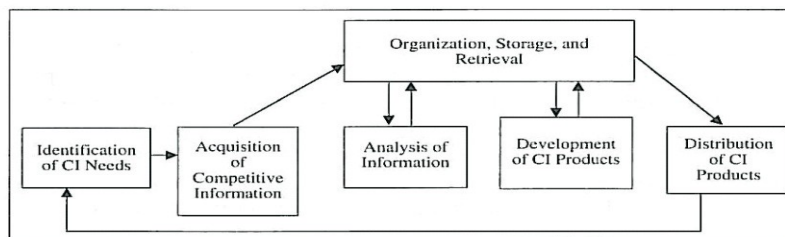
#### Competitive Intelligence Process

The competitive intelligence works with information trying to arrive from data to knowledge. This is a complex process involving basic concepts such as data, information, intelligence and knowledge. Bouthillier and Shearer (2003) argue, that good understanding of these concepts, their meanings, the differences and links between them are crucial for successful conduct of competitive intelligence.

<i>Concept</i>	<i>Meanings</i>	<i>Meaning Retained</i>
Data	String of symbols, facts, measurements, statistics Factual information Scattered bits of knowledge	Symbols, facts, statistics
Information	Organized form of data Data with context Data with relationships Piece of knowledge that can be codified and stored Physical representation of knowledge Pooling of bits of knowledge Communication or reception of knowledge Action of informing	Data with context and relationships
Intelligence	Form of information Analyzed information Implication of analysis Measure of reasoning capacity Ability to understand and to apply knowledge	Analyzed and value-added information
Knowledge	Data/information with beliefs Information with higher certainty and validity Shared information Information with experience Organized information that is internalized Condition of knowing	Internalized information, beliefs and experience

(Bouthillier and Shearer, 2003, p. 6)

Although, some alternations by various authors occur, see the basic structure of the cycle as stated below:



(Bouthillier and Shearer, 2003, p. 43)

According to Bouthillier and Shearer (2003) the correct handling of the first step “Identification of competitive intelligence needs” is crucial for a successful and effective competitive intelligence process. Great care should be used to identify the key decision makers and their specific information needs. No less important is to choose the right methods and tactics for collection of information, and the right choice of the way in which the information is going to be presented to its acceptors so that it is comprehensible to them. The first step involves a kind of planning, outlining, or mapping the whole process of competitive intelligence cycle with the goal of providing the most relevant competitive intelligence product intelligible to the right decision makers. Though this first step of competitive intelligence cycle might seem less important than the others, Competitive

intelligence specialists deem it the foundation of successful competitive intelligence conduct. “Without a road map, the process rumbles.” Miller (2000). Since the identification of competitive intelligence needs is complex and often demanding in the ever-changing competitive environment, it is vital that it is being carried out on a regular basis Bouthillier and Shearer (2003). After identifying the competitive intelligence needs, Competitive intelligence professionals can move onto the second step – collection of information. Here again some planning concerning the sources of information takes place. Bouthillier and Shearer (2003) tell us that there are two important kinds of information sources – internal and external. Internal information comes from inside of the company or organisation – e.g. internal documents such as reports, circulars, records,



databases, employees, etc. External information sources come from the outside of the organisation – e.g. analyst reports, newspaper articles, employees of other companies. According to the authors Bouthillier and Shearer (2003) in practice the managers and competitive intelligence specialists focus more on the external sources, but both, internal and external sources should be taken into account when collecting competitive information. To identify valuable internal sources an Internal Information Audit is carried out. In fact, the author recommends employing the Internal Audit prior to beginning the information acquisition process. The authors point out that according to many studies the majority of information needs can be satisfied from within the organisation. Besides internal documents, company's own employees as well as senior management who deal with customers and suppliers on a daily basis and can provide valuable insights and information.

Furthermore, the sources of information can be divided into primary and secondary. We could characterize the primary source information as first-hand information, coming right from its producers. These can be e.g. financial reports, staff members, and suppliers. According to Miller (2000), "Managers regard primary sources quite highly due to their uniqueness and the likely competitive advantage that the information may provide – unlike secondary print and electronic sources that are non-proprietary and readily available."

Secondary source information is usually intermediated by someone outside the organisation - e.g. by journalist, analyst, or database editor. They "...provide the background information to support the insights that are gained from primary sources."

Miller (2000). Among secondary source information typically belongs newspaper articles, industry analysts reports, public or commercial databases, etc. We can speculate that secondary source information is probably better accessible than primary source, since it is usually published and widely available. Whereas the vast volume of primary source information tends to be more accessible internally from within the organisation.

The process of information collection employs many methods and techniques. Two main strategies of information acquisition are stated in Bouthillier and Shearer (2003). It is either targeting a specific information and concentrating on acquiring it, or monitoring internal and external environment, gathering all relevant pieces of information which might be useful, but weren't previously identified. It is clear that in the process great volume of information is collected. It is necessary to clean and filter the collected information of all redundant or irrelevant data – to trim it down to its most relevant corpus that will be further analysed. To ensure the analysis will not go astray the supply of collected information should be accurate and true. Collected information should be, therefore, assessed concerning its validity. This can be e.g. done by assessing the credibility of the information source, or by checking its consistency throughout varied sources.

After relevant, critically assessed information was collected the competitive intelligence system will need to store it to be available for further analysis. The organisation, storage and retrieval of information is an important part of the competitive intelligence process. Information is typically organised into topic-groups. It needs to be indexed according to pre-set indexing rules responsive of competitive intelligence needs and stored for future retrieval. It is clear that the better and

more extensive the indexing of the information the more successful retrieval can be expected. Storage and retrieval of information occur throughout the competitive intelligence process. Not only collected information is stored, but so also the outcomes of analysis and various stages of information processing. "It is difficult to draw line between where the 'organization and storage' function ends and 'analysis' begins in the competitive intelligence process." Bouthillier and Shearer, (2003). The history of the stored information can show development which can be used as a part of prediction methods. Only meticulously organized collection is of any value as good organisation and indexing of information is in direct line with the successful retrieval which is vital. "As with any information system, the inability to find stored information can have severe consequences to an organisation." Bouthillier and Shearer (2003, p. 51). Also the ability to store the information in different multimedia formats (text, picture, sound) is emphasised Bouthillier and Shearer (2003).

Analysis of the collected data and information is often described as the process of transformation of information into intelligence Bouthillier and Shearer (2003). "The analysis phase can require a scientific research approach: formulating a proposition, and determining the validity of assumptions as well as the probability of the upcoming impacts. Bouthillier and Shearer (2003) also include the above stated methods of scientific approach into analysis process, but note that some specialists emphasize the link of hypothesis to a recommendation for action. They maintain an opinion that competitive intelligence analysis should be action-orientated. The authors give the following examples of the two approaches:

Hypothesis-oriented:

"If we lower the price of our product, how will our competitors react, and what impact might their reaction have on our organization?" And they go on to state: "In fact, analysis involves asking questions and developing hypotheses about the answer for each question." Bouthillier and Shearer (2003).

Action-orientated:

"Based on the competitor profiles we have established, we should lower the price of our product." Bouthillier and Shearer (2003). The authors explain that for this kind of analysis, an expert system with a built-in knowledge base is necessary. This base would include knowledge from management, psychology, law, finance, etc. and should be very large and complex. It is a system in which "the inputs are the competitive conditions, and an inference mechanism uses the built-in knowledge base to make a decision about what kind of action should be taken." (Bouthillier and Shearer (2003).

Among most common analysis techniques belong Benchmarking, SWOT analysis, Growth-Share analysis, Profiling, Patent analysis, War Gaming, and many more. The choice of the methods depends on the information needs and analysed object or situation. Ideally, a mix of two or more methods are used to draw the full picture since each of the methods focuses on different aspects.

A value added in this (analysis) stage of the competitive intelligence cycle is the key to the transformation process – the process where information transforms into intelligence. As Bouthillier and Shearer (2003) argue: "Because information in this step is manipulated, examined, condensed, or expanded – to a large extent to add meaning and inference – it is transformed into

intelligence. It has, after this process, a significantly higher use value for the company.”

The overall effectivity and success of competitive intelligence service depends greatly on the ability of CI professionals to get their findings across to the decision makers who will further utilize them. Dissemination of intelligence products takes place through various means: from face-to-face conversation, written reports or handouts, to personal presentation in staff meetings, emailing, to postings on Intranet. It is desirable to choose the means of dissemination according to the current situation, competitive intelligence content and the preference of the target audience. Together with the ability to determine the target audience goes hand-in-hand the ability to choose appropriate means of dissemination of competitive intelligence products.

All the above mentioned parts of the competitive intelligence cycle are not separate actions. As the word 'cycle' implies it is a never-ending process, where the individual phases are intertwined and react to each other as well as to the dynamic competition environment. For example the first step the 'identification of competitive intelligence needs' should be checked for changes constantly throughout the whole process and adaptations should be made. Only this way we will ensure the competitive intelligence products will address the current situation and answer the competitive intelligence needs to the highest degree. During the analysis phase, for example, questions may arise and we may need to go back to the previous phase and search for more information. All in all, the competitive intelligence cycle should be flexible and operational, always checking it addresses the right issues, keeping pace with the changing competitive environment as well as with the competitive intelligence needs of

the receivers of competitive intelligence services.

#### The Objectives and Results of Using CI In Organizations

From the beginning is important to emphasize that is not necessary that every organization to develop and implement an organized competitive intelligence activity. In many cases formal information gathered from external sources (Internet, media, government etc) and informal data and information collected, analyzed and filtered by managers represent a very flexible and efficient informal competitive intelligence. But in the case of some organization, an informal competitive intelligence is not enough in order to support tactic and strategic decision making process, fact that conduct to develop and implement an organized competitive intelligence system. The competitive intelligence can be used in order to increase the capabilities of the organizational memory (OM) of the enterprise because the OM contains organizational memory information systems which are based on Knowledge Management techniques Vrinianu (2009).. According to Kahaner, (1996). the reasons which are staying at the base of decision to implement a competitive intelligence in organization are various :

The globalization process which determine an increasing level of competition among organizations because the number of competitor is increasing and, in the same time, the quantity and quality of goods and services provided by them growing continuously: The new products, services, methods and tools provided by information technology and communication domain, the rapidly changing of the business environment where new business opportunities appear and disappear very fast and the period of time allocated for decision making processes is decreasing

constantly and political changes which affect and influence the business environment as well as the evolution of organizations.

Peltoniemi and Vuori (2005) consider the objectives of using an organized information system of competitive intelligence to include: (1) identifying and analyzing new business opportunities or the market trends; (2) developing or updating software using latest technologies, methods and tools for software developing; (3) maximizing revenues and minimizing expenses; (4) identifying, understanding and analyzing strategies, already implemented or in the phase of implementation. Peltoniemi and Vuori, (2005). consider that objectives of using an organized information system of CI are: (1) help organization in order to gain a competitive edge; (2) reveal opportunities and threats by surveying weak signals; (3) process and combine data, information and knowledge in order to produce new knowledge about competitors, customers, suppliers etc.; (4) provide useful information for managers in decision making process and reduce the period of time used by decision making process. In our opinion, the objectives of using an organized information system of competitive intelligence in organizations are: 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 and providing a better and better support for strategic decision making process.

There are studies that identify some benefits derived from using organized information system of competitive intelligence, according Gilad (1989) they include increasing analytical skill for managers and the ability to anticipate moves of the other actors from organization's business environment and sharing ideas and knowledge inside organization in order to

develop new ideas or knowledge or to integrate the existing into organization. Some authors identified new benefits from using organized information system of competitive intelligence

#### Research Methodology

The population of the study consists of Eight (8) breweries. NB Plc has the largest capacity and coverage, with about eight breweries located across the country, (estimated to have total annual capacity of 13.5mn hl). Guinness operates four breweries (total annual of 7.5mn hl by 2014 due to on-going capacity expansion). SABM has built up its capacity (by acquisition) to approximately 1.8mn hl, which includes Pabod Breweries in Port Harcourt, International Breweries in Ilesa and Onitsha.

The choice of brewery was confirmed by the fact that Competitive intelligence is a cogent practice in establishments, these place breweries in an advantage position to provide an informal perspective of the scenario than employees in other sectors. Based on purposive sampling, a sample size of 8 respondents per bank was used, thus bringing the total number of respondents to 80. Employees in each of the banks were stratified based on organisational status – management staff, senior staff, and contract staff. Branch managers, provided the sampling frames for the study. To obtain a sampling interval  $K$  in each case, the total number of workers was divided by 8 (the sample size per bank).

Simple random sampling (Lottery method) was then employed to select a number within the interval  $1 - K$ . Subsequently, every  $K^{\text{th}}$  worker was included in the sample. It is therefore clear that stratified systematic sampling method was used. Staff status was the basis of stratification. Questionnaire was the main research instrument and

corresponds of items that addressed the central core matter. Items in the central-core matter features Likert type questions with the question-response format of the 5-point scale ranging from a region of strong disagreement – Strongly Disagree (SD) through a neutral zone (N) to a region of strong agreement – Strongly Agree (SA). Operational measurement of variables was as follows: SD – 2, D – 1, N – 0, A – 1 SA – 2

Data analysis includes the use of descriptive and inferential statistics. Descriptive statistics include the mean, standard deviation, standard mean error and tables while inferential statistics include the z-test for equality of means. Appropriate research inferences were made on the basis of the t-test. Data analysis was performed using the Statistical Package for Social Sciences (SPSS) 18.0

S/No	Research question	SA %	A %	N %	D %	SD %
1	C.I processes enhance firms operation	41.25	27.5	21.25	7.5	3.75
2.	C.I enhances competitive advantage in the brewery industry	38.75	32.5	15.0	10.0	3.75
	<b>Total</b>	<b>80.00</b>	<b>60.0</b>	<b>36.25</b>	<b>17.5</b>	<b>7.50</b>

Mean and Standard Deviation of variables

Variables	N	$\bar{X}$	SD	Rank	Z-cal	P-value	Decision
Research question 1	80	3.94	12.19	1	2.97	0.041	Sig.
Research question 2	80	3.92	11.97	1	2.99	0.040	Sig.
<b>Source: SPSS Output</b>							

### Analysis

Using the mean analysis, it was agreed that competitive intelligence to a large extent enhances firms operation and also enhances competitive advantage in the brewery industry. Also, using the z-test statistic and the probability value, it was discovered that both research questions are significant to the study due to the fact that the P values associated with the Zcal are lesser than 5% critical value.

**Hypothesis I: C.I does not enhance firms operation**

	Zcal	Df	Sig. (2 -tailed)	95% confidence interval of the Difference	
				Lower	Upper
	2.966	4	.041	2.5540	77.4460

Source: SPSS output.

Since the probability value (P = 0.041) that is associated with z calculated (2.966) is less than 0.05 level of significance, there is statistical evidence to reject the null hypothesis. We therefore accept H<sub>1</sub> and conclude that C.I does enhance firms operation.

**Hypothesis II: C.I does not enhance competitive advantage**

Test Value = 0					
	Zcal	Df	Sig. (2 -tailed)	95% confidence interval of the Difference	
				Lower	Upper
	3.076	4	.037	3.8955	76.1045

Source: SPSS Output

Since the probability value (P = 0.037) that is associated with z calculated (3.076) is less than 0.05 level of significance, there is statistical evidence to reject the null hypothesis. We therefore accept H<sub>1</sub> and conclude that C.I enhances competitive advantage in the brewery industry.

**Discussion of Results**

The purpose of this study was to examine the impact of C.I on competitive advantage in the brewery industry. The finding of the study showed that competitive intelligence enhances firms operation and competitive advantage in the brewery industry. This was supported by the assertion of Eisenhardt and Martin (2000) indicating that dynamic capabilities of competitive intelligence consist of "organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die ". To be able to create sustainable Competitive advantage, these capabilities must be strategic, which means they are associated with the needs of the organization's customers, providing a source of revenue; unique, so that prices of produced goods or services can be established without concern for competition; and difficult to

imitate. The findings of the study was also supported by Teece et al. (1997) as cited in a study conducted by Garavan, Costine and Heraty (1995) in 18 air-conditioning factories, whose quality of performance was due not so much to invested capital or to the degree of facilities automation, but mainly to the special routines that included gathering and processing of information and directly connecting consumer experience with product development, thereby improving the production process.

#### Conclusion

The paper concludes that competitive intelligence is a significant predictor of firms competitive advantage since it has significant implications for enhancing organizations operations and providing competitive advantage for the organizations. Competitive intelligence is an actionable recommendation arisen from a systematic process, involving planning, gathering, analyzing and disseminating information on the external environment, for opportunities or developments that have the potential to affect a company or a country's competitive situation. At the end competitive intelligence is conducted in order to gain more knowledge about things to come so that today's decisions can be based more solidly on available expertise that could provide strategic

decision-oriented approach to design a competitive intelligence program that enhances competitive advantage in the corporate organizations.

#### Recommendations

Based on the study undertaken on competitive intelligence the following recommendations are hereby advanced. The Competitive Intelligence gathering stage of CI involves the key defining event of personnel involved in CI activities located mostly in Library, internet or Marketing department and the primary skill was capability to find information. Despite the fact that organization has collected large amount of data, over gathered data should be stored and personnel should be innovative in their applications in organizational operations. Firms should be proactive, adapt to trends, and should speedily implement decision identified, in so doing this would promote firms competitiveness. As well an organization would edge of competitors if there is a strong connection between CI and decision making process.

#### References

- Calof, J. 2001. Competitive intelligence and the small firm-Requirements and barriers. Available online at URL: <http://www.sbaer.edu/Research/2001/ICSB/A-6-2.HTM>.
- Crane, A. 2005. In the company of spies: when competitive intelligence gathering becomes industrial espionage,

- Business Horizons, Vol 48 (3).
- Eisenhardt, K. M. 1989. Building theories from case study research, *Academy of Management Review*, vol 14, n°4. 17(2), 3-5.
- Garavan, T.N. 1991. Strategic human resource development. *Journal of European industrial training* 15(1):17-30.
- Garavan, T.N., Costine, P. and Heraty, N. 1995. The emergence of strategic human resource development. *Journal of European Industrial Training* 19(10):4-10.
- Gilad, B. 1996. Business blindspots: replacing your company's entrenched and outdated myths, beliefs and assumptions with the realities of today's markets. Chicago, Illinois: Probus Publishing Company.
- Gilad, B., & Smith, R. (1998). Why pharmaceutical companies lack real competitive intelligence. *Pharmaceutical Executive*, 18(5).
- Hamel, G. 1996. Strategy as revolution, *Harvard Business Review*, Vol 74.
- Hamel, G. Prahalad, C.K. 1989. Strategic intent, *Harvard Business Review*, n°3.
- Kahaner, L. 1996. Competitive intelligence: how businesses gather, analyze, and use information in the global market place. New York: Simons & Schuster.
- Organisation for Economic Co-Operation and Development. 1996. The knowledge-based economy. Paris: OECD.
- Kahaner, I. (1996) Competitive Intelligence: From Black Ops to Boardrooms - How Businesses Gather, Analyze, and Use Information to Succeed in the Global Marketplace, New York, NY, Touchstone Books.
- Peltoniemi, M. Vuori, E. (2005) Competitive Intelligence and Co-evolution within an Organisation Population, Proceedings of 6th European Conference on Knowledge Management, University of Limerick, Ireland, 8-9
- Porter, M.E. 1990. The competitive advantage of nations. New York, The Free Press.
- Porter, M.E. 1998. On competition. Boston: Harvard Business School Publishing.
- Prahalad, C.K. and Hamel, G. 1990. The core competence of the corporation. *Harvard Business Review*, May/June. Boston: Harvard Business School Publishing.
- Prescott, J.E. 1999. The evolution of competitive intelligence: designing a process for action. *APMP (Spring)*:37-52.
- Prescott, J.E. 1999. The Evolution of Competitive Intelligence: Designing a process for action, *APMP Spring*. Available online at URL:
- Rittenburg, et al. 2006. An ethical decision-making framework for competitor intelligence gathering, *Journal of Business Ethics*, Vol 70. Available online at URL:
- Teece, P. S. (1997) Sustainable Competitive Advantage, Dynamics Capabilities Theory. *Strategic Management Journal*, 18(3), 76.
- Yeo, R. (2003), Linking Organisational Learning to Organisational Performance and Success, Leadership and ORganisation Development. *Journal* 24(2).



