

Effects of Managers' Perception of Competition Intensity in the Industry and Marketing Capabilities on the Brand Performance (Computer Services Companies as Case Study)

Mojgan Jannesari, Hassan Ghorbani (Ph.D) & Fariddeddin Allammeh Haery (Ph.D)

Department of Management, Mobarakeh Branch, Islamic Azad University, Mobarake, Isfahan, Iran

Email:m.j.jannesari@gmail.com

DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v4-i2/649>

Published Date: 17 February 2014

Abstract

Brand is an assurance that secures the companies' performance. The companies' effort for achieving better performance and recognizing the brand performance motivations is done in order to achieve better and stronger brand name. Intensity of the competition among companies in every industry and its effect on the commercial performance components and motivations is an important issue. This is why that the present study was aimed to develop and test a conceptual and determinant model for explaining the effects on the brand performance.

This study is a practical research from purpose view and is a descriptive-survey one from methodological perspective. The reliability of questionnaire has been examined and confirmed through pre-testing it among managers. The results of this study that have been analyzed through parametric tests such as regression analysis, independent two-sample t-test, and analysis of variance (ANOVA) revealed that the perceived competition intensity influences marketing capabilities and market-oriented learning significantly. All in all, the results of this study indicated that perceived competition intensity influences market-oriented learning, marketing capabilities, and brand performance.

Keywords: Brand performance, industrial competition intensity, market-oriented learning, marketing capabilities, computer services companies.

Introduction

Nowadays, brand is considered as one of the main capitals in any organization. On the other hand, many top managers and marketing managers know marketing concepts such as customer recognition of needs and wants, product positioning, advertisement and

promotional efforts and they also have a large amount of experience in implementing them. The problem of these managers in products marketing is that they cannot apply marketing concepts in promoting brand performance. The reason is that they have not any sound knowledge about the effective factors on brand performance as one of the important intangible assets in every business. Unfortunately, they think that the tangible assets are the main assets of their organization and cannot understand the importance of intangible assets and its role in their success. Recognition of these factors makes the managers able to achieve better brand performance so much that they can minimize their resources wasting and maximize success probability.

The interest of today's managers is achieving a harmony between company and its environment for improving brand performance. The concept of industrial competition intensity can be considered as an introduction to market position. It is claimed that as much as the instability and dynamic in the industry, the company's position will be improved. Many efforts have been done for examining the role of different structures. This can be helpful in understanding the relation of industry structure performances (the observed competition intensity).

All in all, some efforts have been done for understanding how the industry competitive environment influences capability of market knowledge and development of marketing capabilities. In other words, it influences brand performance. This is why that the authors of this study were determined to answer this questionnaire "whether managers' perception of industrial competition intensity influences market-oriented learning and marketing capabilities?" Another question that the authors seek to answer is that "whether market-oriented learning and marketing capabilities influences brand performance?"

The company, which creates an established brand and is able to create a price premium for its products, will be able to understand the negative effects of supplying poor products. As a result, the company loses its price premium-based income. The company knows that decrease in the future incomes results in less market value for its products. This is why that it can be said that the brand capital is an assurance that ensures the companies' performance. The companies with valuable brand name that attempt to achieve better performance should be able to create brand performance motivations. Such motivations help the company to maintain and improve a best level of quality for its products. Otherwise, they will lose their position in the market.

Review of the literature reveals that there are several studies that have been done in terms of the effects of marketing capabilities and company performance, but some of them attempted to recognize the components and motivations of brand performance in the developed companies.

Literature review

Industrial competition intensity: the concept of industrial competition intensity includes five main competitive factors. These include threat of new entrants, threat of substitute products or services, bargaining power of customers (buyers), bargaining power of suppliers, and intensity of competitive rivalry (Wiradana et al., 2006), (O' Cass et al., 2007a). Competition is considered as a main factor in the marketing management. It includes all of the actual and potential (competitive) products and substitute products that are attended by customers and consumers.

Market-oriented learning: the capability of market-oriented learning is considered as the company's capacity in relation to its competitors. The purpose of this process is to achieve

the market information in terms of changes and then broadcast and use those (Wiradana et al., 2006). On the other hand, market-oriented learning is considered as the acceptance of learning process in the organization. On the other hand, the radical learning refers to the organization's desire toward providing and using information. The purpose of this process also is to provide more learning opportunities and sharing information among employees through reinforcing the learning process across the organization. The increase of flexibility makes the organization able to react environmental opportunities and threats rapidly. A company with market-oriented learning achieves, processes, and disseminates the information in terms of market, products, competitors, technology, and business processes (Maatofi et al., 2010).

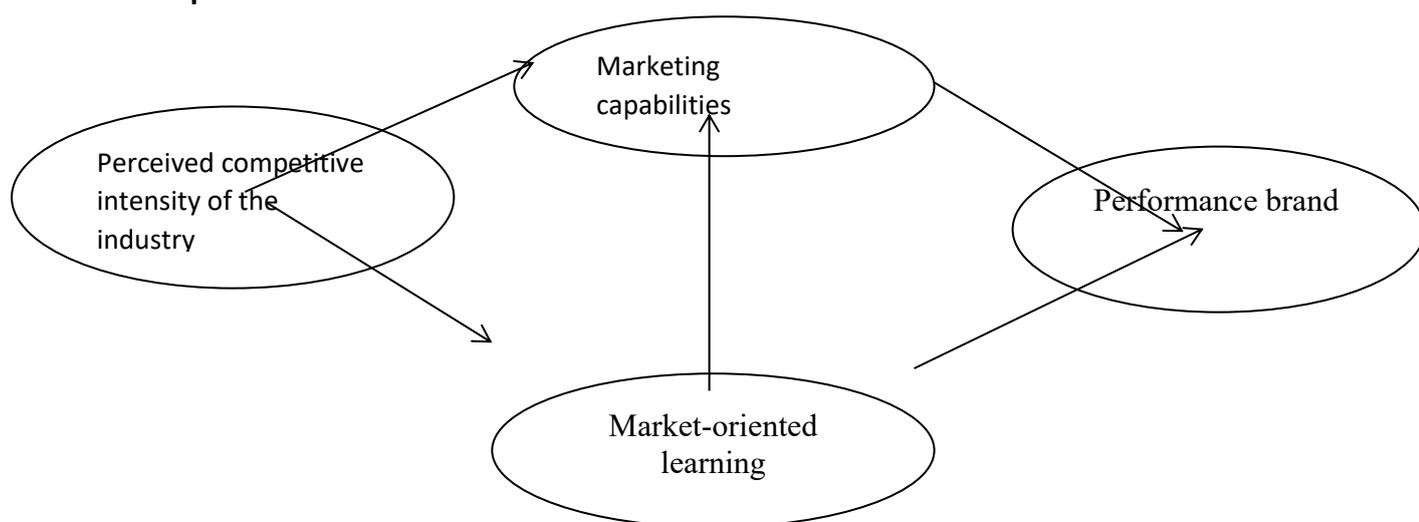
Marketing capabilities: it refers to the company's capabilities in terms of marketing efforts such as a set of knowledge, skills, and abilities at all of the business processes levels (Krasnikov et al., 2008). Indeed, marketing includes all of the efforts that a company does them for adaptation with its environment in a creative and profitable manner .

It is the formation and existence of marketing capabilities that make the capabilities valuable, but its amount and effects on the performance is very valuable and important. Marketing capabilities include the companies' abilities and competitive advantage in comparison with their competitors. The existence of marketing planning, developing obvious goals in terms of marketing, designing creative marketing strategies, and comprehensiveness of planning process are the main effective factors on the companies' performance (Azizi et al., 2011). If the company has planned efficient marketing strategies and implement them in action, it will be possible to allocate the resources for implementing marketing strategies, monitoring performance of the marketing strategies, and implementing planned marketing strategies efficiently. As a result, the companies' performance will be improved in their market.

Brand performance: it can be observed in the organization's brand name that helps the organization in achieving its goals in the market. Obviously, brand performance is defined as the relative evaluation of brand success in the market (O'Cass et al., 2007).

Brand performance is a multi-dimensional concept that can be measured based on the financial criteria such as return on investment that is influenced by company's market share. Indeed, brand performance can be considered as a tipping point of the organizational influence on the transactions process such as financial instruments that controls operational areas. Also brand performance can be evaluated though primary or secondary information. Many authors and researchers of entrepreneurship use primary information sources for evaluating brand performance. The reason is that they cannot achieve secondary information sources. These include information sources such as financial and investment information that it is difficult to access them (Azizi et al., 2011).

The conceptual model



Main hypothesis: the managers’ perception of industrial competition intensity influences market-oriented learning, marketing capabilities, and brand performance significantly.

Secondary hypotheses

H1: the companies’ marketing capabilities influences its brand performance significantly.

H2: intensity of industrial perceived competition influences the companies’ marketing capabilities significantly.

H3: market-oriented learning influences the companies’ marketing capabilities significantly.

H4: market-oriented learning influences the companies’ brand performance significantly.

H5: intensity of perceived industrial competition influences the companies’ learning capabilities significantly.

Research methodology

This study is a practical research from its goal perspective and is a descriptive-survey one from its research methodological view. Different instruments have been used in different steps of data-collection process. In order to review the literature, library method has been used. For collect the research data, a self-administrated questionnaire has been used. Finally, in order to examine normal distribution of the data, Kolmogorov – Smirnov index has been used. The results of this index reveal that the normal distribution of research data can be confirmed (sig: 0.95). The results of this index have been indicated in table 1.

Table 1: the results of Kolmogorov – Smirnov

| Questionnaires | K-S index | Sig |
|---|-----------|-------|
| Perceived competitive intensity of the industry | 0.844 | 0.156 |
| Marketing capabilities | 0.983 | 0.124 |
| Market-oriented learning | 0.755 | 0.237 |
| Performance brand | 1.264 | 0.820 |

Statistical population, sample, and sampling method

The statistical population of this study includes all of the 150 Senior managers and business leaders in the city for computer companies. Because this population is limited and it is not necessary for sampling, all of the statistical population members have been surveyed

and they were asked to indicate the questionnaire. For this purpose, 150 questionnaires have been distributed among respondents that 138 of them indicate the questionnaire. Finally, 130 questionnaires have been used in statistical analysis.

Table 2: the descriptive findings of research variables

| variable | Minimum Amount | Most Amount | Average | Standard deviation | Variance |
|---|----------------|-------------|---------|--------------------|----------|
| Perceived competitive intensity of the industry | 2,50 | 3,92 | 3,4080 | 31672. | 100. |
| Marketing capabilities | 2,14 | 4,71 | 3,400 | 59805. | 358. |
| Market-oriented learning | 2,12 | 4,88 | 3,6304 | 66837. | 447. |
| Performance brand | 2,40 | 5,00 | 3,6119 | 65165. | 425. |

It is claimed in the first hypothesis of this study that companies' marketing capabilities influences its brand performance significantly. The results of this study that have been indicated in table 2 revealed that significance level of this hypothesis is less than 0.05. Therefore, it can be said that the companies' marketing capabilities influences its brand performance significantly. The determination coefficient of this hypothesis is 0.605. This value reveals that improvement in the companies' marketing capabilities influences its brand performance significantly.

The second hypothesis of this study revealed that the intensity of industrial perceived competition influences companies' marketing capabilities significantly. The determination coefficient of this hypothesis is 0.636. This value reveals that improvement in the intensity of industrial perceived competition influences companies' marketing capabilities significantly.

The third hypothesis of this study indicates that market-oriented learning influences companies' marketing capabilities significantly. The determination coefficient of this hypothesis is 0.655. This value reveals that improvement in market-oriented learning influences companies' marketing capabilities significantly.

The fourth hypothesis of this study indicates that market-oriented learning influences brand performance significantly. The determination coefficient of this hypothesis is 0.527. This value reveals that improvement in market-oriented learning influences brand performance significantly.

The fifth hypothesis of this study indicates that the intensity of perceived industrial competition influences the companies' learning capabilities significantly. The determination coefficient of this hypothesis is 0.783. This value reveals that improvement the intensity of perceived industrial competition influences the companies' learning capabilities significantly.

Table 3: the results of regression tes

| Effect | Model | Coefficients of the nonstandard | | Standardize | t | Sig |
|---|--------------------------|---------------------------------|----------------|-------------|--------|------|
| | | B | Standard error | Beta | | |
| the companies' marketing capabilities influences its brand performance significantly | Constant Amount | 1,55 | 277. | | 5,625 | *** |
| | Marketing capabilities | 605. | 080. | 555. | 7,551 | *** |
| Intensity of industrial perceived competition influences the companies' marketing capabilities significantly. | Constant Amount | 1,223 | 538. | | 2,292 | 024. |
| | Intensity of competition | 636. | 157. | 337. | 4,094 | *** |
| market-oriented learning influences the companies' marketing capabilities significantly | Constant Amount | 1,024 | 199. | | 5,144 | *** |
| | learning | 655. | 054. | 731. | 12,138 | *** |
| Market-oriented learning influences the companies' brand performance significantly. | Constant Amount | 1.699 | 268. | | 6,350 | *** |
| | Market-oriented learning | 527. | 073. | 540. | 7,265 | *** |
| Intensity of perceived industrial competition influences the companies' learning capabilities significantly. | Constant Amount | 962. | 593 | | 1,623 | 107. |
| | Intensity of competition | 783. | 173. | 371. | 4.520 | *** |

Another part of the findings of this study have been indicated in the following section.

- The educational levels influence the respondents' response in terms of competition, marketing capabilities, and brand performance. This means that the respondents' responses were different in terms of competition, marketing capabilities, and brand performance based on their educational levels.
- The respondents' responses were similar in terms of research variables except than brand performance based on their age.
- The respondents' responses were similar in terms of research variables except than learning capabilities based on their job experiences.
- The results revealed that gender does not influence the respondents' responses in terms of research variables significantly. The reason is that the significance level of this hypothesis is more than 0.05. This means that the male and female respondents had similar responses in terms of research variables.
- The importance of independent variables was not similar from respondents' responses. The reason is that the significance level is more than 0.05.
- The results also revealed that the learning capabilities priority is more than other factors and the priority of marketing capabilities is less than other factors.

Conclusion

Marketing capabilities and brand performance

Obviously, marketing capabilities influence the companies' success in terms of products and services. In other words, unsuitable market analysis and insufficient sale and promotion efforts results in the companies' failure. However, it is the comprehensive marketing efforts that lead to products success. Good marketing strategies capabilities result in their success.

The companies' marketing capabilities in terms of customer relationship, customer services, promotional efforts effectiveness, marketing researches, and distribution channels influence brand performance significantly. All in all, it should be remembered that although best products are necessary for better brand performance, but they are not sufficient. In other words, brand name and its value should be transmitted to the target customers. As a result, this reflects the importance of marketing performance. Therefore, the companies' marketing capabilities influences its brand performance.

Asadi et al. (2009) pointed out that employees' empowerment, effective communications in the organization and strategic leadership are the main effective factors on increasing cooperation capabilities and promoting performance level.

The results of different studies revealed that marketing capabilities are the main effective factor in the companies' products and services success. This finding is supported by Azizi (2011), Dolatabadi and Khayefi (2006) point out that marketing capabilities, market-oriented culture, and market intelligence are the main factors improving businesses' performance.

Intensity of perceived competition and marketing capabilities

The competitive environment of industry leads that the companies provide more creative methods for creating customer values through developing distinctive capabilities especially marketing capabilities. The investigation of the effects of perceived environmental competition on the development of marketing capabilities revealed that the companies in the dynamic environments desire to create and reinforce marketing capabilities. Therefore, the companies with stable environments and act in them have less need for developing marketing capabilities in comparison with companies act in the instable environments. On the other hand, the companies that observe their industrial environment as competitive have more desire to create and reinforce marketing capabilities. Therefore, intensity of perceived industrial competition influences marketing capabilities significantly.

Competition analysis in the industry not only improves the companies' behavior, but also improves their industrial environment structure Wiravardna et al., (2006), O'Cass et al. (2007a). The results of the present study in terms of the relationship between competition intensity and marketing capabilities are supported by Noth et al. (2010), and Azizi et al. (2011).

Marketing-oriented learning and marketing capabilities

The companies that have more awareness of their market desire to accept marketing plans for creating added-value for their target customers. The organizations that value learning will be able to achieve it and do not lose their created opportunities in the market because of having knowledge and ability of understanding and predicting customers. Market-orientation refers to continuous supply of especial value for customers and needs understanding and predicting. The companies' commitment to learning makes them to develop their knowledge in terms of market, competitors, and customers through predicting environment and market

changes and reinforcing their competitive advantage. Therefore, it can be said that the companies' market-oriented learning influences their marketing capabilities.

The importance of market knowledge in the companies' marketing strategies has been attended in different studies comprehensively. The results of our study are supported by Wiravardna (2004), and Azizi et al. (2011).

Market-oriented learning and brand performance

Market-oriented learning is the main characteristic of the company's concentration on the external environment that leads to a main basis for competitive advantage. Market-oriented learning acts through achieving market information as a mediator between market and company. The use of such information leads to recognize and response needs and better organizational performance. Reinforcement of learning across the organization not only provide more opportunities for learning and sharing employees in others' knowledge, but also make them able to react new emergent opportunities and threats through company's flexibility. The companies with learning-oriented perspective collect, process, and disseminate necessary knowledge in terms of market, products, competitors, technology, and business process continuously. Learning is the dynamic process of creating, exploiting, and integrating knowledge that can be helpful in developing resources and capabilities. Therefore, market-oriented learning influences the companies' brand performance significantly.

On the other hand, focuses on the importance of organizational learning in its performance. Organizational learning is a sustainable process that exists across the organization and can be helpful in improving competencies and knowledge, increasing organizational abilities, and improving organizational performance (Garcia et al., 2008). These support the fourth hypothesis of our study. This hypothesis indicates that marketing-oriented learning influences brand performance (Asadi et al., 2009).

Intensity of perceived industrial competition and Market-oriented learning capabilities

The authors of this study believe that this concept is considered as an introduction to the market position. As much as the flexibility and dynamic in the industry, the market position will be improved. The managers who observe their industrial environment as competitive need more information about their market and attempt for understanding their environments. Indeed, they attempt to understand their customers and control their competitors. Therefore, the observed industrial environment leads to more concentrated learning in the market. Therefore, it can be said that intensity of perceived industrial competition influences market-oriented learning capabilities significantly.

Empirical suggestions

The first hypothesis of this study indicates that the companies' marketing capabilities influences its brand performance significantly. With regard to the results of this hypothesis, it is suggested that the companies attempt to design and implement continuous and systematic plans for evaluating and reinforcing their marketing capabilities and abilities. Indeed, reinforcement of the marketing researches system recognize the customers' existing and unrecognized needs and then design the products for satisfying them through quantitative and qualitative researches. In other words, if the computer services companies design and implement suitable plans for improving marketing capabilities, they will be able to reinforce their performance. The following efforts can be done for improving the marketing capabilities: advertisement methods, the use of equipment and experts for marketing

researches in terms of distinctive products, developing the marketing information system for decision making, developing suitable distribution system based on the products, developing powerful and stable policies for organization's research and development department, empowering the marketing department employees for offering new ideas and welcoming employees' new ideas.

The second hypothesis of this study indicates that the intensity of industrial perceived competition influences companies' marketing capabilities significantly. With regard to the results of this hypothesis, it is suggested that the organizational top managers and marketing managers attempt to develop and use the marketing concepts such as stabilizing product position, new distribution channels, and new market segments for exploiting the market niches that are created in the result of environmental changes. Encouraging the companies' Marketing employees for screening external environment, entering new and unrecognized segments, and undertaking its risk results in more marketing capabilities are the main strategies in this area.

On the other hand, communicating with external experts and facilitating the employees' presence in the professional fairs increase their awareness and knowledge about competitors, suppliers, customers, and new products. Such an awareness and knowledge increases employees' understanding toward competitive environment. As a result, the employees will be able to increase their marketing abilities.

The third hypothesis of this study indicates that market-oriented learning influences companies' marketing capabilities significantly. Based on the results of this hypothesis, it can be said that market-oriented learning refers to the company's capacity in acquiring, disseminating, and using market information for improving its marketing capabilities. Therefore, it is suggested that the employees share their information with each other and attempt to provide more marketing applicable information for their employees in terms of new products and market analysis. On the other hand, job rotation and employees relocation in different jobs and departments for increasing their information, job learning, ideas, using other employees' experiences in different departments are the main effective efforts in disseminating the necessary information and knowledge.

The fourth hypothesis of this study indicates that market-oriented learning influences brand performance significantly. Based on the results of this hypothesis, it is suggested the managers attempt to learn more and more about their market. With regard to this fact that as much as an organization is more learners, their learning capability will be increased. It is should be remembered that knowledge creation and acquisition is not sufficient and the managers have to apply this knowledge in their behaviors and performances and then attempt to improve and modify their performances. With regard to this fact, it is very valuable that the managers provide opportunities for increasing and improving their employees' learning capabilities and improving their performance. As a result, the managers should attempt to increase their employees' abilities in terms of understanding and handling the organization and its environment so exactly that improve their performance continuously. In other words, if the computer services companies develop suitable plans for collecting market information about their competitors' efforts and strategies, they will be able to improve their performance.

The fifth hypothesis of this study indicates that intensity of the perceived industrial competition influences the companies' learning capabilities significantly. In the 21th century, the organizations face different challenges such as variable environments, globalization, consumer protection laws, information channels, and other similar discussions. These are the

traditional structures that cannot satisfy the need of today's organizations. This is why that it is necessary to develop new organizational forms as learning organizations. Therefore, it is suggested that the computer services organizations attend the external and internal experts' viewpoints in analyzing their competitive forces. Fortunately, quality of human resources has been attended like to its quantity during past years. In this regard, a large part of investments has been done in terms of internal and external educational plans. Finally, it should be remembered that the importance and necessity of such investments should be considered as an important issue in the organizations. On the other hand, the managers should attempt to participate their employees in the scientific professional networks outside their organization.

References

Asadi, H., Ghanbarpour, A., Ghorbani, M., Dosti, M., (2009). The Relation between learning and organization Performance. *Sport Management* 2010; Vol.1: 237-247

Azizi, Sh., Makizadeh, V., Bastami Jamaliye, B., (2011).The Export performance model by marketing capabilities approach on the software industry. *Information Technology Management School of Tehran University Management*, Vol.3, No 6: 45-60

Dolatabadi Rezae, H., Khayfelahi, A., (2006). A model to determine the impact of market orientation on business performance based marketing capabilities in the industry. *Agricultural Science Quarterly magazine* Vol.10, No 1:161-131

Garcia, J., victor, M., Matias Fernando, R., Hurtad Nuria, T., (2008). Influence of transformational innovation and performance depending on the level of organizational learning in the Pharmaceutical. Sector, Emerald Group publishing limited ,Vol (21 No 2) ,PP:188-212

Krasnikov, A., & Jayachandran, S. (2008). The relative impact of marketing, researchand-development, and operations capabilities on firm performance. *Journal of Marketing*, pp.1-11.

Maatofi, A., Tajedini, k., Aghajani,H. (2010). The role of learning orientation on innovation and organizational performance. *Management perspective*, No 4: 71-57

Nath P., Nachiappen S, Ramanathan R(2010). The Impact of Marketing Capability, Operationas Capability and Diversification Strategy on Performance: A resource –based view. *Industrial Marketing Management* 2010; Vol.39: 317-329

O'Cass, A., & Ngo, L. (2007a). Balancing external adaptation and internal effectiveness: Achieving better brand performance. *Journal of Business Research*, pp.11-20.

O'Cass, A., & Ngo, L. (2007b). Market orientation versus innovative culture: Two routes to superior brand performance. *European Journal of Marketing*, pp. 868-887.

Weerawardena, J., O ' Cass, A., & Julian, C. (2006). 'Does industry matter? Examining the role of industry structure in innovation-based competitive marketing strategy. *Journal of Business Research*, pp. 37-45.

Weerawardena, J., & O'Cass, A. (2004). Exploring the characteristics of the market driven firms and antecedents to sustained competitive advantage. *Industrial Marketing Management*, pp.419-428.