

CHAPTER 5

SUMMARY, CONCLUSION AND SCOPE FOR FUTURE RESEARCH

5.1 Introduction

After having presented the theoretical background, the methodology employed and the findings of this research in the preceding four chapters, the present chapter discusses the summary of the thesis and conclusion. It also describes the limitation of the research and directions for potential research.

5.2 Summary of the Research

The objectives of the research were to find out the status of CI in Indian retail industries, the role of CI in strategy formulation and the relationship of CI with business performance in the Indian retail industry. “Indian industries” is a broader term which includes all type of industries. To achieve the objectives of the research the study confined the scope of research to Indian retail industry only. Retail Industry was selected on the basis of competition and uses of technology in the industry.

The first chapter entitled “**Introduction**” described the significance of CI and how CI is different from other similar concepts used in business vocabulary. In the first chapter the researcher also discussed the concept of retailing, present formats of Indian retail industry and facts about the global retail industry. In the end, the structure of the research report is also described.

The second chapter entitled “**Literature Review**” synthesises the previous research done under the following headings: the origin of CI, the definition of CI, CI in other countries, CI and strategy formulation and competitive intelligence and business performance. After the synthesis of previous researches, it was found that the previous researches have not studied the competitive intelligence in Indian industries. It was found that previous researches have not studied the role of competitive intelligence in the strategy formulation of Indian industries and its relation to business performance in Indian industries.

The third chapter entitled “**Research Objective and Methodology**” discussed the research methodology followed in the study to fulfil the objectives of the research. To achieve the objectives of the research, the target population was defined as the brick and mortar modern retail outlets operating in India. The target population includes the MNC retail firms also with a condition that the Indian operations have to be operated by an Indian firm. The structured questionnaire was used to gather information from the target population. The questionnaire consists of five sections: section A deals with profile questions related to firm and representative of the firm, section B and section C have statements related to competitive intelligence capabilities of the firm. Section D consists of questions related to the importance and use of competitive intelligence in strategy formulation, section E deals with the impact of competitive intelligence on business performance. The data was collected from Delhi NCR region; Delhi NCR region has been selected on the basis of the highest density of modern retail in India. The data has been collected from 168 retail firms on the basis of the judgmental sampling procedure.

The fourth chapter entitled “**Data Analysis and Interpretation**” of the research deals with data analysis and interpretation. The data cleaning has been done by analyzing the missing values through missing value analysis procedure of the SPSS software. According to Calof and Dishman’s Model, CI capability of a firm consists of the competitive intelligence process and competitive intelligence context. CI process consists of three factors: planning and focus, collection, communication and analysis”. CI context consists of four factors: awareness, internal information, formal infrastructure and employee involvement”. Confirmatory factor analysis was applied to confirm the applicability of the Calof and Dishman’s Model of Competitive intelligence in the Indian retail industry. It was found by the output of confirmatory factor analysis that Indian retail industry follows all factors of competitive intelligence process but due to the weak discriminant validity between internal information and formal infrastructure; Indian retail industry follows three factors of competitive intelligence context awareness, internal information and formal infrastructure and employee involvement. The study measured the status of competitive intelligence in the Indian retail industry through the average score of all responding firms on a factor as a percentage of the total possible score of the factor. If the average score is more than 75 percent of the total score, it means firms have an advanced level of competitive intelligence capabilities. If the mean score lies between 50%-75% firms have an intermediate level of capability of that particular factor. If the average score is less than 50% of the total score, it means firms are practising a basic level of competitive intelligence in that particular factor. The competitive intelligence process factors in Indian retail industry are at an intermediate level. Indian Retail firms are practising intermediate level of Planning and Focus, Collection, and

Communication and Analysis. The study found that Indian retail firm follows an advanced level of awareness but an intermediate level of Internal Information and Formal Infrastructure and Employee Involvement. The role of CI in strategy formulation is measured through the importance of CI in strategy formulation and the frequency of using CI for strategy formulation. The study found that Indian retail industry shows high importance to the use of CI for strategic decision making, but the frequency of use of CI for strategic decision making is low. The research also found that the competitive intelligence capabilities of a firm and business performance are related to each other.

5.3 Conclusion

High competition in the Indian retail industry, leads the enhancement in the competitive intelligence capabilities of Indian firms. In light of the objectives of the research, the researcher analyses the competitive intelligence capabilities of Indian retail firms and its relationship with business performance. Objective wise conclusion based on findings is as follows:

5.3.1 Status of Competitive Intelligence in Indian Retail Industry

Competitive intelligence capability of the firm has two parts: CI Process and CI Context. CI Process has the following three phases: “Planning and Focus, Collection, and Communication and Analysis”. Indian retail firms have the presence of all three phases. The Competitive Intelligence Process in Indian retail firms is at the intermediate level and Indian retail firms are comparatively good at communication and analysis but weak at planning and focus and collection. Competitive Intelligence

Context has the following four factors: Awareness, Internal Information, Formal Infrastructure and Employee Involvement. Indian retail firms have only three factors for competitive intelligence context. Indian retail firms do not differentiate between internal information and formal infrastructure. Indian Retail industry has three factors: awareness, internal information and formal infrastructure, and employee involvement.

Indian Retail firms have an advanced level of awareness but an intermediate level of Internal Information and Formal Infrastructure. Employee involvement is also at an intermediate level in Indian retail firms. The reason for high awareness is an informal way of collecting information by managers. Owing to lack of formality in information collection leads to an intermediate level of internal information, formal infrastructure and employee involvement.

5.3.2 Role of Competitive Intelligence in Strategy Formulation

The role of CI in strategy formulation is studied in two parts: the importance of CI in strategy formulation and frequency of use of CI in the strategic formulation. The Indian retail firms show high importance to use of CI for strategic decision making but the frequency of use of CI for strategic decision making is low.

5.3.3 Relationship between Competitive Intelligence and Business Performance

Indian retail firms have been divided into three groups on the basis of the total score of the competitive intelligence process and competitive intelligence context: high capability firms, medium capability firms and low capability firms. The firms have been also divided on the basis of business performance score: high performance firms

and low performance firms. It has been found by Chi-square test of independence that competitive intelligence capability and business performance are not independent of each other and there is a statistical relationship between competitive intelligence capability and business performance. It shows that most of the companies who have a high score in competitive intelligence capabilities have a high score on performance and companies which have a low score in competitive intelligence capabilities have a low score on performance.

The competitive intelligence practice in Indian retail industry is at the intermediate level. Indian retail industry follows all factors of the competitive intelligence process. Indian retail industry does not differentiate between internal information and formal infrastructure factors of competitive intelligence context. The Indian retail firms give high importance to the use of competitive intelligence for strategic decision making but the frequency of use of competitive intelligence for strategic decision making is low. Competitive intelligence capability and business performance are not independent of each other. The research has found a statistical relation between competitive intelligence capabilities of the firm and its business performance. The results of the research show that the firms having a high score on competitive intelligence capability are high performing firms, the firms having a low score on competitive intelligence capabilities are low performing firms.

5.4 Managerial Implication

The fast changing business environment and the globalization of competition has resulted in the need for companies to fully understand the effect and consequences of these changes on their position in the market, and be able to make the necessary

adjustments in their practices and their strategic planning, in order for the company to develop and maintain competitive advantage in the market. The importance of good practice of Competitive Intelligence has been widely acknowledged in many researches, it is however often unnoticed in management practice. Most of the literature available on the subject of CI is still highlighting the importance of "why" managers use CI when in fact all managers already fully understood "why" CI was carried out. However, it was also evident that they lacked the knowledge in "how" to carry out their CI activities to gain maximum benefits. The following paragraphs will highlight the managerial implications of the findings of the research.

With regard to the status of competitive intelligence in Indian Retail Industry, it has advance level of awareness about competitive intelligence but lacking in employee involvement, internal information and formal infrastructure. The managers need to put emphases on formalization of competitive intelligence activities and ensure employee involvement to gain maximum benefits, it could be achieved by involving middle and lower level managers in the meetings of strategic discussion of higher level managers so that front line managers should be aware of organizational expectation about competitive intelligence output.

The managers of Indian retail industry show high importance to use competitive intelligence in strategy formulation but actual implementation of competitive intelligence for strategy formulation is missing, frequency of use of competitive intelligence for strategic decision making is low. The main aim of organizational strategy is to establish, build, defend and maintain competitive advantage. The development of marketing strategy requires both extensive analysis of internal and external environments and a mixture of useful intelligence. The main problem is

'how' to integrate competitive intelligence to strategy formulation in Indian Retail Industry. It could be done by formalizing the intelligence activities and integrated them with strategy formulation stages from information collection to decision making. In Indian Retail Industry business performance of the firm is depend on competitive intelligence capability of the firm. The research provides justification to allotment of organization resources to the practice of competitive intelligence. The results of our initial study would serve to encourage managers to focus on the phenomenon and practice of competitive intelligence.

5.5 Limitations of the Study

Limitations are inherent in all empirical research studies. Limitations provide an idea to develop new research work for another researcher. Following are the limitations of this research work.

- This study is a cross-sectional study. So establishing a causal relation between competitive intelligence capabilities of the firm and business performance is not feasible.
- The research is conducted for retail industry only; online retail market space has not been covered.
- Due to the sensitive nature of the topic, the field of application as well as the level of competition that surrounds the activities of the Indian retail firms, it was difficult to get access to the target respondents and persuade them to talk about their business practice such as competitive intelligence and strategy, although the researcher followed ethical standards and gave assurances of confidentiality.

Approvals were sought and obtained from the university authority as a form of assurance to the retail firm involved in absolute confidentiality.

- The survey has been conducted in the Delhi-NCR region on the basis of the highest penetration of brick and mortar modern retail store. India is a highly diversified country. So it is possible that different regions of the country have different competitive intelligence practices.

5.6 Future Research Direction

The present study has analysed competitive intelligence capabilities of Indian retail firms and its relationship with business performance, during the course of study researcher has identified research directions and on the basis of limitation of this study, the study proposed following research direction:

1. An in depth case study of some of the Indian retail firms having strong competitive intelligence infrastructure can be conducted as longitudinal study so that causal relation can be established between competitive intelligence capability and performance of the firm.
2. Indian retail industry practices of competitive intelligence can be compared with developed countries retail industry practices of competitive intelligence.
3. The research could be conducted for measuring the perception of senior managers towards competitive intelligence. This would provide knowledge of the senior manager's negligence to comprehend and bolster the focused competitive intelligence.
4. The study could be further extended to include the online market space.

5. Competitive intelligence practices of the unorganized retail store could also be an area for future research.
6. The relationship of competitive intelligence capability of firms with other constructs like competitive advantage and customer satisfaction could also be an area to explore for research.
7. The research can also be conducted in other Indian industries also.
8. The relationship of competitive intelligence capability and business performance can be further investigated with regression analysis or structure equation modeling multivariate analysis.
9. The future research would investigate the role of variables (firm size, competition, technology etc.) on the relationship of competitive intelligence with business performance.