

## **Suggested Methods to Improve the Competitive Capability for a Producing Organization in a Competitive Environment**

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### **Abstract**

The researchers introduce a group of studies about competition from various references, in addition they suggest other approaches and techniques to help an organization enhance and improve their understanding of competition and consequently improve their marketing decisions and competitive ability. Competition is something which is inevitable for any productive organization at any field of goods or services production, the researchers found out so many different theoretical studies regarding competition, they decided to introduce a reconciliation study in brief from those many references to explain to an organization in a simplified way how to best study the market current competitors and prospect competitors. They also came up with new approaches through inductive reasoning analysis to help organizations study market and competitors.

### **Objective**

The research aims to introduce a simplified model that an organization can use to study its current and potential competitors in the market so that an organization can apply it to the decision-making and planning process to improve their market performance.

### **Research methodology**

The research methodology is based on literature review and inductive reasoning:

<sup>1</sup> Literature review is for;

Review business analysis techniques that can be used in strategic planning, including SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) and AOSTC (Analysis, Objectives, Strategies, Tactics and Control). These business analysis techniques could enhance and improve the decision-making and planning process to improve a company's competitive ability.<sup>2</sup>

Inductive reasoning analysis is carried out as a method of drawing conclusions by going from the specific incidents to the general for some cases. The researchers suggested two methods to be considered in the study of competition to help organization get better understanding of target markets and their behavior. Those methods are Targeted Segment Competitors Analysis, Competition Analysis through Maslow's Pyramid.

**Keywords**

Innovation, Competitive Intelligence, Competitive Capability and Blue Ocean Strategy

**المستخلص:**

يهدف البحث الى تقديم نموذج مبسط يساعد المنشأة على دراسة المنافسين الحاليين و المتوقعين فى المستقبل و من ثم تستطيع المنشأة تحسين آليات إتخاذ القرار و التخطيط و بالتالى تحسين و زيادة الحصة السوقية للمنشأة.

**مشكلة البحث**

قام الباحثون بمجموعة من اللقاءات مع مديرى و رؤساء مجلس إدارات عدد من الشركات فى مجالات عدة. وجد الباحثون من خلال هذه اللقاءات ان دراسة المنافسة لكل منشأة تتم من خلال خبرة مديريها دون الرجوع إلى مرجع محدد بذاته. رأى الباحثون ان تقديم دليل إرشادى مبسط سوف يساعد المنشأة سواء كانت نو خبرة او بدون خبرة. كذلك فهذا الدليل يستطيع ان يجنب المنشأة بعض الأخطاء التى قد تفتقدها خبرة المديرين.

**منهج البحث**

يقوم البحث على دراسات نظرية سابقة بالاضافة الى المنهج الاستقرائى.

**-الإطار النظرى:**

يقوم البحث بتناول اسلوبين للتخطيط الاستراتيجى هما SWOT و AOSTC. يتناول تحليل البيئة الداخلية من حيث نقاط القوة و الضعف للمنشأة و البيئة الخارجية من حيث الفرص و المخاطر (AOSTC). ألتحليل، الأهداف، الاستراتيجيات، التكتيات، و السيطرة). يستطيع الإستيعاب الافضل لكل من هذين الاسلوبين تحسين قدرة المنشأة على التخطيط و إتخاذ القرار و من ثم تحسين القدرة التنافسية للمنشأة.

**-التحليل الاستقرائى:**

تم القيام بالتحليل الاستقرائى للوصول إلى استنتاجات عامة من خلال تحليل بعض الحالات. قام الباحثون بتقديم نموذجين لمساعدة المنشأة على فهم افضل للاسواق و المستهدفة و سلوكياتها. هذان النموذجان هما "تحليل منافسى الشريحة المستهدفة" و "تحليل المنافسة من خلال هرم ماسلو".

**أهمية البحث**

قدمت الكثير من الدراسات عن التسويق و المنافسة، احتوت آلاف من الصفحات على كلمات و رسوم بيانية و جداول. قام الباحثون بدراسة اكبر كم ممكن من هذه المراجع و توصلوا لتبسيط دراسة متصالحة لمختلف افكار و اراء و نظريات مجموعة كبيرة من اشهر المؤلفين و الباحثين فى المجال. بالإضافة إلى ذلك قام الباحثون بتقديم نموذجين جدد من خلال الملاحظة و الإستنتاج. كان الهدف الرئيسى للبحث هو تقديم مرجعاً مبسطاً ليس فقط للباحثين إنما ايضاً للطلبة و للشركات.

**الكلمات المفتاحية:**

الإبداع، المخابرات التنافسية، القدرة التنافسية و استراتيجية المحيط الأزرق.

**Significance**

Several studies were introduced about marketing and competition. Thousands of pages were filled with words, graphs and tables to discuss those topics. The researchers have gone through as much as possible of those references to introduce a reconciliation between different opinions, ideas, theories and approaches introduced by reputable authors and researchers. The researchers' target from that research is to be a simplified reference for competitive strategic planning not only for other researchers but also for companies and students. Various business analysis techniques can be used in strategic planning, SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) and AOSTC (Analysis, Objectives, Strategies, Tactics and Control) are the techniques which the researchers introduce in that paper in detail. SWOT and AOSTC were applied in different fields and both of them have shown significant results. This paper does not target showing the significance of those two models because other studies have already shown that. SWOT and AOSTC are being applied as initials without fixed details, for example:

SWOT when applied by a group of organizations all of them know that they do analysis for (Strengths, Weaknesses, Opportunities and Threats) however each organization does analysis for each of them in a different methodology, the way an organization analyzes Strength differs from the way another organization analyzes it. That is because a lot of marketing authors and businessmen just took those initials and applied them in different ways, meanwhile achieved success disregarding their different application methodologies. The researchers used in this paper an assortment of studies done by authors and other researchers trying to introduce detailed and integrated models for SWOT & AOSTC. In addition the researchers introduced new studying methods according to their observations and conclusions.

## Problem

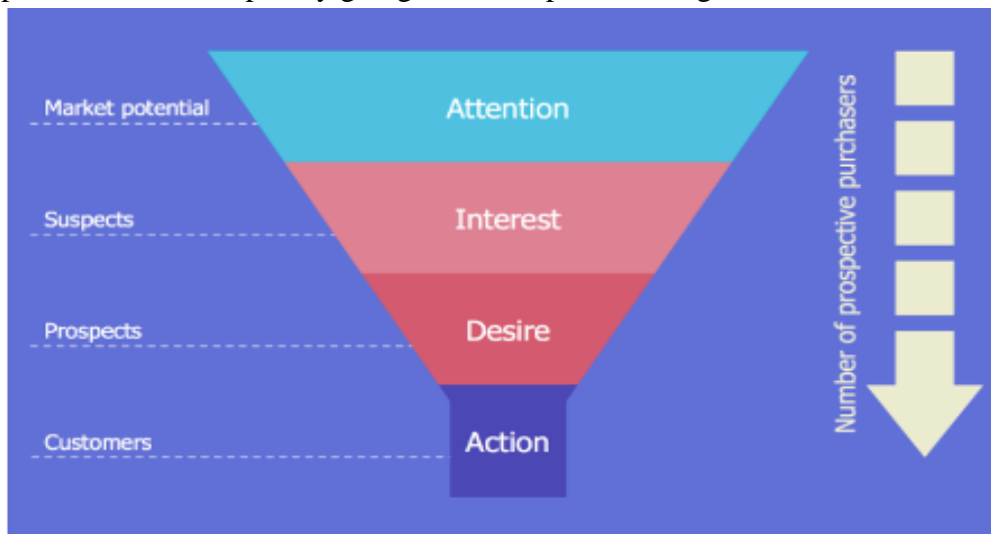
Throughout a number of interviews the researchers had with companies CEOs and senior managers in different fields of industries. They found out that each company studies competition in accordance with its experience in the field or according to the experience of its managers. The researchers targeted that research to be a simplified guide for either experienced or unexperienced company managers who either started their business already or planning to start as experience might vary from one to another and an academic guide could help an organization avoid many mistakes which someone's experience might miss.

## Introduction

Economics and marketing have always started by the study of demand and supply. Competition simply exists between suppliers by the moment they have become more than one. At that moment every supplier for goods and/or services tried their best to get the biggest possible ration to cover demands of consumers. Marketing main concern regarding consumer side has always been demand however it has gradually extended to include wants and needs. The need always refers to a requirement to have something or someone, because a firm cannot do something without them, or because a firm cannot continue or cannot exist without them, want is to have a desire for something<sup>3</sup> while demand is to ask for something very specific, especially because the company believes it has the right to do so<sup>4</sup>. As an example by the researchers to clarify the difference between them if someone is hungry there is a (need) for food, they (want) a burger which is for 20 LE however they have only 15 LE so they decide to ask (demand) sausage which is 10 LE. That example shows clearly the difference between want and demand, want is about desire however demand is more about willingness and capability to get a good or a service. Sometimes goods or a services are not needs for example: cinema, cigarettes or alcohol however manufacturers still produce and market them because they have want and demand. Manufacturer and marketers study consumers' need, want and demand meanwhile they focus on demand or how to convince the consumer to convert a need or a want into a demand. Suppliers who focused only on demands and excluded their market studies from wants and needs have experienced continuous loss of market share. For example, Kodak did not lose out due to rival filmmakers like Fuji. It ended up in the hands of digital cameras makers who did not use films at all, because Kodak focused on the demand for films however it did not pay attention to the eventual want for the photo. AIDA is an acronym which stands for the steps marketers take to convince customers to buy their products. It is also called "Marketing Funnel"

as it is a way to represent the customer journey as they move towards the purchase of company's good or service. AIDA is an acronym for Awareness (Attention), Interest, Desire and Action, below a brief is mentioned about each of them<sup>6</sup>.

- **Awareness (Attention):** Marketing must first attract the customer's attention to the product. Customers become aware of a product and know about its availability.
- **Interest:** Then, marketing needs to reveal interest in products. Customers show their interest in the product.
- **Desire:** Next, Marketing must develop the desire to own the product in order to make the customer actively want the product.
- **Action:** Finally, marketing must prompt action to purchase, so that customers take steps to buy the product – for example, by going to the shop or ordering it online.



**Figure 1: "AIDA Marketing Funnel"**<sup>6</sup>

Market studies which are done by an organization for a market are marketing strategy, marketing plan and strategic planning. A company's marketing strategy describes how it will position itself and the products it sells in the competitive marketplace. The strategy includes a discussion of target markets, product and pricing policies, and proposed marketing and promotional initiatives. The company's marketing plan is the written document which details the marketing methods selected (advertising, price promotions, etc.) and specific marketing actions or marketing activities (for example, a back-to-school promotional offer). It also examines the resources needed (both financial and human) to achieve specified marketing objectives, such as an increase in sales or a successful product launch, over a given period of time. Strategic planning is the organizational process of defining an organization's strategy or direction and making decisions about the allocation of resources, including capital and personnel, to pursue that strategy. Various business analysis techniques can be used in strategic planning, including SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) and AOSTC (Analysis, Objectives, Strategies, Tactics and Control). Strategic planning is a formal consideration of the future course of an organization.<sup>7</sup>

## 1. Literature review

### 1.1 SWOT Analysis

SWOT analysis is a strategic planning technique for evaluating the (Strengths, Weaknesses, Opportunities and Threats) involved in a project or in a business venture. It is the identification of business or project objectives and the internal and external factors that favor the achievement of these objectives. The technique is credited to Albert Humphrey, who led a convention at Stanford University in the 1960s and 1970s using data from Fortune 500 companies. A SWOT analysis can be included in a strategic planning model. Identifying your SWOT is essential because subsequent steps in the planning process to achieve your chosen goals can be derived from it. First, the decision maker must determine if the goal is achievable given the SWOT. If the goal cannot be reached, another goal must be selected and the process repeated. SWOT analysis is widely used in science to highlight and identify strengths, weaknesses, opportunities and threats. Especially for identifying areas of development<sup>8</sup>. The characteristics of SWOT are as below<sup>9</sup>:

- **Strengths:** Characteristics of a company or team that give it an edge over others in the industry.
- **Weaknesses:** It is a characteristic of a company that is in a disadvantageous position compared to other companies.
- **Opportunities:** External opportunities that generate greater sales or profits in your environment.
- **Threats:** External elements in your environment that can cause problems for your organization. Researchers introduced SWOT analysis as an inevitable necessary analysis which has to be done prior to or with the study of consumers and/or potential consumers in a certain market, through the three approaches of Segmentation, Targeting and Positioning. In other words Segmentation, Targeting and Positioning are introduced by the researchers to be as complementary approaches for market analysis with SWOT to eventually achieve better competitive ability for an organization. Internal Analysis, External Analysis in addition to Segmentation, Targeting and Positioning are discussed below in detail.

### 1.1.1 Internal Analysis (Strength and weakness)

The internal analysis of the organization is critical in identifying the source of competitive advantage. It pinpoints the resources that need to be developed and sustained to remain competitive. By definition, Competitive Advantage has to be unique for a company to achieve a profit above the industry average. The strategic management process begins with an assessment of the organization, examining internal resources and capabilities. This is the source of core competencies and creates a competitive advantage. Components of the internal strengths and weaknesses analysis are the company's resources into functional categories of finance, administration, infrastructure, suppliers, manufacturing, sales, marketing and innovation resources.

### 1.1.2 External Analysis (Opportunities and Threats)

External analysis identifies potential threats and opportunities for further expansion. A threat is a situation in the external environment that hinders an organization's competitive advantage. The external analysis of opportunities and threats falls into three main areas. First: The

analysis of the competitor environment focuses on the competitor's organizational resources and conditions that may affect future market shares, revenues and profits. Second: The industry environment analysis which is based on Porter's framework of factors affecting an industry's dynamics and structure. Third: General environment analysis which examines the broader dimensions of society and business that influence the organization and its industry<sup>1 1 1 1</sup> . 0 1 2 3

### 1.1.2.1 Competitive Environment and Competitive Intelligence

Competitive environment is an area of analysis primarily concerned with gathering and processing data about competitors. Competitive Intelligence is a process for companies to gather actionable information about their competitors and the competitive environment and ideally apply it to the decision-making and planning process to improve their performance<sup>1</sup> . According to competitive environment analysis a firm could only be one of a state of the two mentioned below:

#### States of Competitive Environment

##### - Static State

It is a monopoly, there are no rivals and a monopolist can extract abnormal profits by pricing as high as the consumer will bear as far as the elasticity of demand permits. In other words, this is a stage in which a product manufacturer is a pioneer in its industry. However competition does not really exist in that stage, manufacturer must create long term plans to handle competition as that static stage would not last long.

##### - Dynamic (Rivalry) State

An alternative concept is that competition is a complex process of rivalry between firms rather than a static state. Here, the core of competition is the behavior of firms in the market. Firms are engaged in a continuing dynamic competitive process. Less efficient firms are removed and replaced by more efficient entrants. A market is competitive when rivals are sufficiently threatening to incentivize an incumbent to improve (better quality, lower price, new services, more innovation, etc.) to maintain its competitive advantage. Inefficient firms are penalized by consumers while more efficient and innovative companies are rewarded. The role of monopoly and market power is revised under this concept of competition.

#### Competitive capability and its dimensions:

### 1. Competitive Capability Definition

Competitive capability is defined: as the means through which the organization could beat its competitors, competitive capability is a skill or technique or outstanding resource which enables the organization to provide values and benefits for customers than provided by competitors, and confirms the excellence and diversity of these competitors from the viewpoint of customers who accept this difference and distinction, so bring them more benefits and values that transcend their other competitors offer. There are several dimensions of competitive capability, some of them are going to be discussed in detail below<sup>1</sup> : 5

## 2. Competitive Capability Dimensions

### a. Quality provided

Quality means different individuals or different worldview against expectations of individuals, so that the properties of the product will meet customer satisfaction, so it should be reliable and efficient product to meet the needs of the customer. The quality is closely associated with two concepts, first, focus on provided product, second customer focus, from the perspective of a beneficiary means the design quality and from the perspective of product, it does mean conformity to specifications. The perceived value is a comparison between the cost of providing the product for customers, and the benefit from the product. Quality is a process includes: meeting the needs of current and expected future customers' needs, quality is a renewed concept, because it is linked to the needs of customers. The concept of quality is not limited to goods, but also to complementary services, quality process that starts from the customer and also ends with the customer.

### **b. Cost minimization**

Organizations focus on cost reduction through their attempts to provide goods and services to their customers at a lower cost than their competitors, through having the best and most suitable technology elements to compete, as well as the recruitment of human resources optimally and efficiently marketing processes, and efficient delivery of goods and service.

### **c. Responsiveness**

Responsiveness is an important dimension of competition between organizations by reducing the duration and speed in the design and delivery of new products to customers in the shortest possible time, and that means reducing the time it takes when receiving customer requests for goods and services, and handing them such goods and services permanently. To achieve a competitive advantage for an organization based on reducing the time for customers, through several components, including: rapid delivery and rapid development, where speed of goods and services provision, the time between the emergence of an idea through design to provide product in its final shape, cut a new servicing markets, reduce cycle time, and reduce the cost of service rendered, rendering elasticity (reducing time of the conversion or change of product delivery processes) comply with specific timetables in dealing with customers.

### **d. Innovation**

Innovation is “The introducing of a new or greatly improved product (good or service), process, a new marketing acting technique or a new organizational approach in business practices, workplace organization or external relations. Innovation is an application of invention so that it creates value”. Innovation is not about location, but about mindset, and a set of tools that help people solve problems. Any environment can be turned into a place for innovation, but innovation is certainly not defined by geography. Innovation can be about technology but it is not only about it. Innovation does not always mean new ideas, but can be applying old ideas in a new way or in a new context. Innovation resources are parts of an organization's culture that fosters an environment of new ideas and technical skills and the ability to innovate. Measureable innovation resources take the form of copyrights, patents and trademarks.<sup>1</sup>

### **e. Competitor analysis**

Competitor analysis process has to be done through three steps. First identifying competitors, then assessing them and finally selecting which to attack or avoid.

## I. Identifying Competitors

To plan effective marketing strategies, a company needs to find out all it can about its competitors. Marketing strategies, products, prices, channels, and promotions must be constantly compared with those of close competitors. In this way, areas of potential competitive advantage and disadvantage can be found by the company. Competitor analysis involves first identifying and assessing competitors and then selecting which competitors to attack or avoid. There are three levels of competitors based on the degree of substitutability of product. The three levels of competition are<sup>1</sup> :

- **Brand Competitor:** If other companies offer similar goods and related services at similar prices, we can say that the company is facing brand competition. For example, Nike may consider Adidas as its major brand competitors.
- **Industry Competitor:** If all companies in the same industry make same product or class of products, a company considers it industry competition. Nike for example, will see here all sportswear companies as its competitors.
- **Form Competitor:** Form competition occurs when a company sees its competitors as all companies manufacturing products that supply the same demand, want and/or need. For example, an automobile manufacturer would see itself competing against not only other automobile manufacturers but also manufacturers of other vehicles as buses, trucks, cycles, and motorcycles.

## II. Assessing Competitors

After having the main competitors identified, marketing management now asks: What are the competitors' objectives? What does each seek in the marketplace? What is each competitor's strategy? What are various competitors' strengths and weaknesses, and how will each react to actions that the company might take?

### - Determining Competitors' Objectives

Each competitor has a mix of objectives. The company needs to identify the relative importance that a competitor places on current profitability, market share growth, cash flow, technological leadership, service leadership, and other goals. Knowing a competitor's mix of objectives reveals whether the competitor is satisfied with its current situation and how it might react to different competitive actions.

### - Identifying Competitors' Strategies

The more one firm's strategy resembles another firm's strategy, the more the two firms compete. In most industries, the competitors can be sorted into groups that pursue different strategies. A strategic group is a group of companies within an industry that pursue the same or similar strategies in a particular target market. The company needs to look at all the dimensions that identify strategic groups within the industry. It must understand how value is delivered to its customers by each competitor. It needs to know each competitor's product quality, features,



and mix; customer services; pricing policy; distribution coverage; sales force strategy; and advertising, sales promotion, and online and social media programs. And it must have a detailed study of each competitor's research and development, manufacturing, purchasing, financial, and other strategies.

#### - **Assessing Competitors' Strengths and Weaknesses**

Marketers need to carefully assess each competitor's strengths and weaknesses to answer a critical question: What can firm's competitors do? As a first step, companies can collect data on each competitor's goals, strategies, and performance over the past years. Companies typically learn about their competitors' strengths and weaknesses through secondary data, personal experience, and word of mouth. Primary market research with customers, suppliers and distributors can also be conducted. They can check competitors' online and social media sites. Or they can try benchmarking themselves against other firms. Benchmarking is comparing the company's products and processes to those of competitors or leading firms in other industries to identify best practices and find ways to improve quality and performance. Benchmarking gives the company a competitive edge.

#### - **Estimating Competitors' Reactions**

Next, the company needs to identify: What will its competitors do? A competitor's objectives, strategies, and strengths and weaknesses go a long way toward explaining its likely actions. They also suggest its likely reactions to company moves, such as price cuts, promotion increases, or new product introductions. In addition, each competitor has a specific business philosophy, internal culture, and guiding beliefs. Marketing managers need a deep understanding of their competitors' mentality in order to predict how they will either act or react.

### **III. Selecting Competitors to Attack and Avoid:**

A company has already largely selected its major competitors through prior decisions on customer targets, positioning, and its marketing mix strategy. Management now must decide which competitors to compete against most vigorously, three approaches according to them a company decides whether to attack or avoid a competitor<sup>1</sup> .

#### - **Strong or Weak Competitors**

A company can focus on one of several classes of competitors. Most companies prefer to compete with weaker competitors as this requires less resources and less time however in return this process has little to gain. If the company's offer delivers greater value than the competitor's offer on important attributes, it can charge a higher price and earn higher profits, or it can charge the same price and gain more market share. If the company is seen as performing at a lower level than its major competitors on some important attributes, it must invest in strengthening those attributes or finding other important attributes where it can build a lead.

#### - **Good or Bad Competitors**

Businesses really need competitors and benefit from them. The presence of competitors leads to some strategic advantages. Competitors share the costs of market and product development

and help justify new technologies. Unattractive segments or drive product differentiation can be served. Finally, competitor can contribute to increasing aggregate demand. However, a company may not view all its competitors as beneficial. An industry often contains good competitors and bad competitors. Good competitors play by the rules of the industry. Good Competitors Comply with industry regulations. Bad competitors, on the other hand, break the rules. They try to buy stocks instead of earning them, take big risks and play by their own rules.

#### - **Finding Uncontested Market Spaces**

Rather than competing head-on with established competitors, many companies are looking for open positions in an uncompetitive market space. They try to create goods and services that have no direct competitors. The introduction of the so-called "Blue Ocean strategy" aims to render competition irrelevant. Companies have long engaged in head-to-head competition in search of profitable growth. They have fought for competitive advantage, battled over market share, and struggled for differentiation. Yet in today's overcrowded industries, competing head-on results in nothing but a bloody "red ocean" of rivals fighting over a shrinking profit pool. In the future. Tomorrow's leading companies will succeed not by battling competitors but by creating "blue oceans" of uncontested market space. Blue oceans denote all the industries not in existence today—the unknown market space, untainted by competition. In blue oceans, demand is created rather than fought over. There is ample opportunity for growth that is both profitable and rapid<sup>1</sup>.

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#### **1.1.2.1 Industry Environment**

The Industry Environment Analysis is a review of the factors that directly affect the revenue streams of organizations requiring strategic responses. The aim is to reduce negative impacts and capitalize on positive opportunities. The analysis is based on Porter's five forces of competition, as follow: Rivalry among Existing Competitors, Threat of New Entrants, Bargaining Power of Buyers, Bargaining Power of Suppliers and Threat of Substitute Products.

#### **1.1.2.3 General environment**

General environment analysis looks at the broader dimensions of society and business that have consequences for the organization and its industry. The dimensions are typically viewed from PEST analysis (Political, Economic, Social, and Technological), STEER analysis (Sociocultural, Technological, Economic, Ecological, and Regulatory factors), and EPISTEL (Environment, Political, Informational, Social, Technological, Economical and Legal).

#### **1.1.3 Segmentation, Targeting and Positioning**

Marketers use three approaches to study the people (consumers and/or potential consumers) in a certain market, those three approaches are Segmentation, Targeting and Positioning. Simply market segmentation means cutting markets into slices to study their demand and consequently supply products to that slice accordingly, each slice (segment) can share one or more feature which could include for example gender, age, nationality, marital status, place, study etc... Targeting the market is simply defining who the primary customer will be. Market targeting

involves evaluating each market segment's attractiveness and selecting one or more segments to enter. Positioning is all about how a brand or company is positioned or perceived in the minds of a target group of customers<sup>12</sup>. Positioning is used to describe the way a service, good or organization is compared to its competition in the market place<sup>2</sup> .<sup>1</sup>

### 1.2.AOSTC

A marketing plan can be developed using the stages known as AOSTC (Analysis, Objectives, Strategies, Tactics and Control) Firstly, it is necessary to make an analysis. For this, marketers gather the information of the current market situation, find out the competition in the marketplace, what the competitors sell, what is their positioning - how they control the way the customers see the products or services. At the second stage, the company sets the marketing objectives – the achievements in terms of image and sales. Exactly how a firm will achieve its mission is known as the strategic plan. This includes various steps such as learning the strengths and weaknesses of the business, developing product strategy, learning the marketing mix, and planning the resources needed to execute the plan. While tactics are generally not part of a long-term strategic plan, they can be formulated along with marketing strategy because they are important to an organization's short-term goals. Tactics may include sales discounts, additional promotional support, or support that encourages the customer to purchase products. To control the market, the marketers use tracking, which is how the marketing success will be measured and how marketing will be assessed. Clearly, every company should understand customers and identify their needs<sup>2</sup> .<sup>2</sup>

**Table 1: "Some definitions and dimensions of competitive capability"<sup>23</sup>**

<b>Analysis</b>	<b>Current market situation</b>	Information on the competitors and the marketplace.
	<b>Competitor analysis</b>	The competition in the marketplace. Firm will also need to include information on their positioning – how they control the way the customers see the goods or services.
	<b>Good / service analysis</b>	What firm sells or provides and its Unique Selling Point (USP) – that is, what distinguishes firm's good or service from others on the market. Originally USP stood for Unique Selling Proposition, a concept developed by Rosser Reeves in the 1940s.
	<b>Target market</b>	Firm's customer groups or segments – for example: teenagers or business people.
<b>Objectives</b>	<b>Marketing goals</b>	What firm wants to achieve, in terms of image and sales.
	<b>Set SMART objectives</b>	Specific – Be precise about what firm is going to achieve. Measurable – Quantify firm's objectives. Achievable – Is firm attempting too much? Realistic – Does firm have the resources to make the

		objective happen (manpower, money, machines, materials, and minutes)? Timed – When will firm achieve the objective?
<b>Strategies</b>	<b>The approach to meeting the objectives</b>	Which market segment? How will firm target the segment? How should firm position within the segment?
<b>Tactics</b>	<b>Convert firm's strategy into the marketing mix, including the 7 Ps</b>	Product Price Place Promotion Process People Physical evidence
<b>Control</b>	<b>Tracking</b>	How the success of the marketing plan will be measured? How each marketing activity will be assessed?

## 2. Inductive Reasoning Analysis:

The researchers introduced two methods to be considered in the study of competition to help organization get better understanding of target markets and their behavior. Inductive reasoning used by the researchers is a method of drawing conclusions by going from the specific incidents to the general. The researchers used some examples to come up with new approaches for study of competition.

### 2.1 Maslow's Pyramid as a Main Reference for Competition

The hierarchy of needs as defined by Maslow remains one of the most visible and widely discussed theories of basic human needs both in and out of psychology. Maslow developed his theory as a contribution to the humanistic psychology movement, which was a protest against the behaviorist and psychoanalytic mainstreams that dominated the first half of the last century. Humanistic-oriented psychologists focused on well-being and positive psychology, as opposed to the psychopathology that was dominant at the time. Maslow, in his famous theory of motivation and personality formation, proposed his five desires that determine human behavior. Maslow, in his famous theory of motivation and character formation, proposed five needs that determine human behavior. The most basic needs were included in the term physiological needs which included hunger, thirst, clothing, and gender-specific urges. According to Maslow, these physiological needs must be met before other higher needs are met in the famous pyramid. Tracing Maslow's classical pyramid from bottom to top as the need for love and belonging captures the need to have a partner, spouse, and/or family member who provides companionship and bonding. At the top of the classical pyramid are self-esteem and self-actualization. Self-esteem can be gained through personal achievement, but personal growth is a prerequisite for achieving self-actualization. Maslow's model is not only a theory of human needs, but also a model of personality formation. Especially, the need for self-actualization can only be met after investing a great deal of effort and growing into a mature human being. Maslow was well aware that

self-actualization is what the philosopher Kierkegaard understood as “to be that self-one truly is”. In other words, self-actualization is also about realizing one's full potential. Maslow later modified the five-step model to add cognitive and aesthetic needs as further development needs below the level of self-actualization but above the level of self-esteem. Finally, transcendence is placed in self-actualization, representing the person who finally understands the meaning of life<sup>2</sup>.

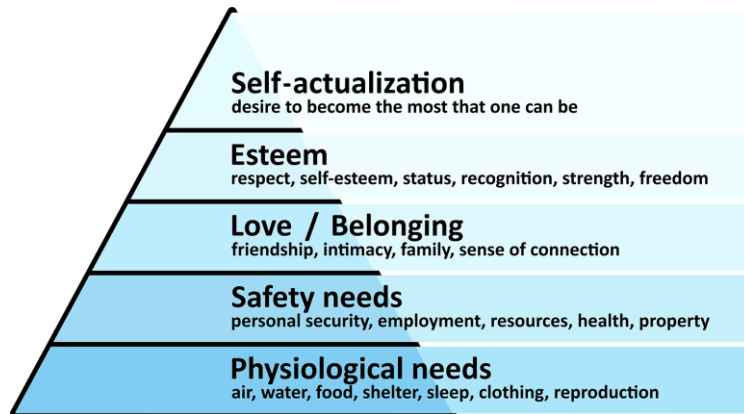


Figure 2: "Maslow's Hierarchy of Needs"<sup>2</sup>

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The researchers introduce Maslow's pyramid to be an additional reference for the study of competition. Manufacturers should know which step(s) of need(s) of the pyramid is being met by their products because consequently manufacturers whose products meet lower step(s) of need(s) will consequently be considered competitors or at least potential competitors. From 2020 to 2022 the world has witnessed a lot of things like Covid-19 pandemic, Brexit and Russia-Ukraine war. These factors together have led to unprecedented inflations levels that the world have not experienced for decades and consequent recessions for markets of a lot of products. Inflation is an increase in the prices of all goods and services in a certain place while the person's income remains the same. Unfortunately, inflation happens to all countries around the world in a predictable small percentage every year however when that percentage gets much bigger than usual expected percentage, at that point the countries are more susceptible to face recessions. During either inflation or recession periods the lower the step of need the lower the consumption of the products satisfying it, it gets negatively affected, because lower needs are more necessary for survival plus governments get involved immediately to subsidize those products to avoid consequent riots, escalations in crime rates or even revolutions on the other hand, the higher the step of needing a product meets the least expected support a firm could receive. Away from inflations or recessions, manufacturers and marketers study person's income in the market segmentation studies for everyday life which could be a good reference for its purchasing power for their product, however studying the approach which is introduced by the researchers would help them understand the ration of the income going for lower step(s) and consequently manufacturers and markets can roughly calculate the ration of income left for their step and the higher steps. The researchers also recommends manufacturers and marketers to do fine analysis for each step of Maslow's pyramid, in other words a pyramid should be drawn to illustrate every step of Maslow's pyramid because the needs of the same step are not all of the same importance all the time. For example: Physiological needs air, water and food, a person can survive without oxygen up to a few minutes, without water up to three days and finally without food up to three

weeks. Air becomes accordingly more important than water which is accordingly more important than food. Fine analysis of Maslow's pyramid might vary from step to another and from time to another however the finer analysis is applied the better the outcome that could be reached.

## 2.2 Targeted Segment Competitors:

It was mentioned before that there are three levels of competitors based on the degree of substitutability of product, which are Brand Competitors, Industry Competitor and Form Competitor. It was mentioned also that there three approaches to study the people (consumers and/or potential consumers) in a certain market, those three approaches are segmentation, targeting and positioning those approaches must be done with SWOT. The competitors according to the previous literature review are those who supply either a product with exact features, a product with similar features or a product which satisfies a need and/or demand which an organization supplies. The researchers introduce here a new approach regarding the study of competitors this approach is not product oriented unlike the previously mentioned approaches, the introduced approach is segment oriented. The researchers considered any suppliers or manufacturers who target the same segment are considered competitors even if they supply totally different products which satisfies totally different demands and/or needs meanwhile suppliers or manufacturers who supply similar products to different segments are not considered competitors. Any targeted segment has a limited budget, energy and time for shopping, every supplier who takes the attention of that segment disregarding the nature of its product consequently takes a ration of that segment budget, energy and time of shopping which eventually make that supplier a competitor of other suppliers targeting same segment.

The researchers introduce an example to show the relevance of Targeted segment in the study of competitors. Mr. Smith decided to open a nursery in Cairo and Mrs. Smith decided to open another nursery in Alexandria which is about 200 KM from Cairo. Could we consider Mr. and Mrs. Smith to be competitors? Theoretically, they can be industry competitors however practically they are not competitors at all because they targeted different places (segments). Continuing with previous example Mr. Alex opened candy booth inside the Mr. Smith's nursery in Cairo then a few weeks later Mrs. Alex opened Toys booth inside Mr. Smith nursery in Cairo. After Mrs. Alex started he booth Mr. Alex found out that sales of candy started to drop down. Could we consider Mr. and Mrs. Alex to be competitors? Theoretically, they are not because they neither supply same product nor same need however practically they are competitors because Mr. and Mrs. Alex supplied same segment which are the children in Mr. Smith's nursery. The children have demand for candy and toys however their pocket money and break time are still the same. Some of the children after Mrs. Alex started her toys booth inside their nursery they decided to sacrifice some of their pocket money or all of it which they previously used to buy candy in order to buy toys. The conclusion we can get from the previous example is if someone is supplying a product which meets same need is not considered a competitor unless it is for the same targeted segment, at the same time suppliers of different products who targets same segment are considered competitors whatever targeted segment has demand for product(s) supplied by each of them. That is how the researchers introduced a new term of "Targeted Segment Competitor". Targeted segment budget and time given for shopping have

been major factors in the competition for the previous examples, an increase of the budget (children's pocket money) or an increase in the time given for shopping (break time) could have made the competition less fierce.

### 3. Conclusion

The research managed to introduce a simplified guide to help an organization get better understanding of target markets and behavior of its competitor so that it can make better marketing decisions and eventually increases its profit. That guide consists of a literature review which is a reconciliation of ideas, theories and approaches of various authors and researchers in addition to an inductive reasoning analysis which was done by the researchers to introduce a new couple of methods to study potential competitors.

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