

Web 2.0 As A Tool For Market Intelligence Acquisition (*Work-in-Progress*)

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Outline of the Presentation

1. Introduction
2. Review of the Literature
3. Research Hypotheses
4. Methods
5. Concluding Remarks

1. Introduction

- Definition of Web 2.0
 - Blogs, social networks, online customer reviews, wikis, podcasts, folksonomies, mashups, RSS, webinars...

1. Introduction, cont.

- Definition of Market Intelligence (MI)
 - Marketing literature:
 - ❖ A major dimension of market orientation which covers organizational-wide gathering, sharing and use of exogenous market factors that affect current and future needs of customers (Kohli & Jaworski, 1990).
 - Information science literature:
 - ❖ A subset of competitive intelligence which focuses on market aspect of intelligence such as new markets and creative segmentation opportunities, and major shifts in marketing and distribution (Rouach & Santi, 2001).

1. Introduction, cont.

- Use of Web 2.0 in marketing activities:
 - Marketing communication channel;
 - Dissemination of product information;
 - Customer relationship management;
 - Customer after-sales service.

1. Introduction, cont.

- Problem Statement
 - Business impact of Web 2.0 applications.
 - Use of Web 2.0 in marketing activities – mostly on the dissemination of marketing information to customers.
 - Increasing importance of Web 2.0 as a source of market intelligence due to its nature – interactive, customizable, popular.
 - Lack of literature on the use of Web 2.0 in market intelligence acquisition.
 - Importance of tourism industry in Malaysia: the major contributor to GDP; ranked top in online transactions; ranked 10th in tourist arrival in 2012; Visit Malaysia Year in 2014.

1. Introduction, cont.

□ Research Questions

- What is the current state of market intelligence practices in the Malaysian tourism industry?
- What are the antecedents of market intelligence practices?
- What is the extent of the use of Web 2.0 applications as the tools for market intelligence acquisition?
- What is the extent of the use of market intelligence in making strategic marketing decisions?
- Is there a positive link between market intelligence practices and firm performance?

2. Review of the Literature

□ Theoretical Perspective

- 1. Information Processing Literature**– information requirements of a firm depend on interplay among strategy, structure, decision making processes, and business environment (Rogers, Miller, & Judge, 1999).

2. Review of the Literature, cont.

□ Empirical Studies – Business Environments

1. Scanning the task environment for strategic decision making among tourism executives (Jogaratnam & Law, 2006). ~ Hong Kong
2. A positive relationship between strategic uncertainty and scanning frequency in travel agent companies (Zhang, Majid, & Foo, 2013). ~ Singapore
3. Customer demand and competitors are the main sources of environment uncertainty by tourism firms (Oreja-Rodriguez & Yanes-Estevez, 2007). ~ Spain

2. Review of the Literature, cont.

□ Empirical Studies – Use of Social Media

1. Culnan et al. (2010) – use social media platforms to engage with customers among Fortune 500; most popular being Twitter, followed by Facebook, blogs and client-hosted forums. ~ USA

2. Review of the Literature, cont.

- Empirical Studies – Use of Social Media, cont.
 1. Singh et al. (2008) – use blogs to get real information, support brand loyalty and target customer segment.
 2. Sharifah Fatimah and Murphy (2011) – use social networking as a marketing communication channel.
 3. Schaffer (2010) – use social media for promoting social endorsement of brands and monitoring customer feedback and complaints.
 4. Chevalier and Mayzlin (2006) – use online customer product reviews for increasing sales.
 5. Li and Bernoff (2008) – form online communities as virtual customer environment.

2. Review of the Literature, cont.

- Empirical Studies – Use of Social Media for acquiring MI
 1. Puhringer and Tylor (2008) – view blogs and social networks as sources of strategic market knowledge for destination marketing organizations.
 2. Chen and Xie (2008) – posit that online customer review as an emerging source of product information.

2. Review of the Literature, cont.

□ Empirical Studies – MI and Firm Performance

1. Global Intelligence Alliance (GIA, 2011) – firms with systematic MI programs consistently make decision more effectively.
2. McKinsey (2010) – use of Web 2.0 applications correlates positively with corporate performance.
3. Keh et al. (2007) – acquisition and utilization of market information positively relates to firm performance. ~ Singapore
4. Song et al. (2009) – formal market information acquisition and use relates positively with Chinese new ventures.

2. Review of the Literature, cont.

□ Empirical Studies – MI and Firm Performance, cont.

4. Yap and Md Zabid (2011) – companies with formal CI unit performed better. ~ Malaysia
5. Adidam et al. (2012) – CI activities relates positively with firm's financial performance. ~ India

3. Research Hypotheses

- H₁: Perceived environmental turbulence relates positively to market intelligence practices.
- H₂: Innovativeness of the firm relates positively to market intelligence practices.
- H₃: Market intelligence practices relate positively to firm performance.
- H₄: Market intelligence mediates the relationship between perceived environmental turbulence, innovativeness and firm performance.

4. Methods

- Research Design
 - Cross-sectional study with organisation in tourism industry as the unit of analysis.
 - Data Collection Method – Mail Questionnaire Survey.
- Population & Sampling Procedures
 - Population – All hotels and tour operators in Malaysia.
 - Sampling Frame – All the hotels with 3-star and above (500) listed on Malaysian Association of Hotels and tour operators (3,000) on Malaysia Tourism.
 - A total of 350 respondents (50 hotels and 300 tour operators) will be expected – 10% of response rate.

4. Methods, cont.

▣ Variables & Measurement

1. MI Practices

- MI Acquisition (Moorman, 1995).
- MI Utilization (Moorman, 1995).
- ❖ Using 7-point agree–disagree scale.

2. Use of Web 2.0 in MI acquisition

- ▣ 12 types of Web 2.0 applications (Andriole, 2010; Culnan et al., 2010)
- ❖ Using 5-point low–high frequency scale.

3. Environment turbulence

- 3 items on competitor, customer and technological (Droge, 2008)
- ❖ Using 5-point agree-disagree scale

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4. Methods, cont.

▣ Variables & Measurement, cont.

4. Innovativeness

- 3 items on technology leadership, new product lines, change product lines (Droge, 2008)
- ❖ Using 5-point agree-disagree scale

5. Firm Performance

- 2 dimensions: Market (4-item) and Customer (4-item) (Wang et al., 2012).
- ❖ Using 5-point agree-disagree scale

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5. Concluding Remarks

- The use of Web 2.0 applications in marketing activities, specifically in acquiring market intelligence is promising.
- The potential link between market intelligence practices and market performance is expected in the findings.
- The study hopes to provide empirical evidence on the emerging Web 2.0 applications in business activities and its link with firm performance.

Q & A Session

~Thank you~