

Competitive Intensity and Small Business Reliance on Marketing

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Abstract

In this article the relationship between perceived "competitive intensity" and the impact on marketing tools used by small businesses in a service industry is examined. Competitive intensity is defined as the degree of competition in an industry as it is perceived by the small business competitors themselves. The strategic marketing tools have been categorized in accordance with the services literature: the service itself, price, promotion, people, and service area.

Empirical evidence shows that only a weak relationship exists between the perceived level of competition and the actual use of marketing strategies. Only two elements of marketing - promotion and the service area - show any (and only a weak) variation based on small businesses' perceptions of the competitive intensity of their markets.

In other words, it is not necessarily true that small businesses will demonstrate significantly different reliance on marketing strategies when there is a perception of a high degree of competition versus a perception of a low level of competition. These results are surprising since it would be expected that a small business would turn to successful marketing tools as a way to combat competition. One reason for the lack of such a relationship may be the difference between perception of competitive intensity and actual competitive intensity. Furthermore it is suggested to use another measurement of the marketing tools.

Due to technical difficulties, the full text of his paper is not available at this time. Please contact the author for a copy of the paper.