

## OPPORTUNITY IDENTIFICATION AND MARKETING EFFECTIVENESS: A SYSTEMATIC LITERATURE REVIEW

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### Abstract

This study explored the relationship between opportunity identification and marketing effectiveness, using adequate marketing information, corporate reputation and strategic orientation to represent marketing effectiveness. The study relied on literature review as the basis to balance reasoning. The views and reports of various scholars on the meaning of opportunity identification and its relevance to marketing effectiveness were analyzed and synthesized. The evidence in literature points to the existence of symbiotic relationship between opportunity identification and marketing effectiveness. Thus, the study concluded that opportunity identification has a connection with marketing effectiveness. However, to properly understand the degree and direction of relationships between opportunity identification and marketing effectiveness of companies, the study canvasses an empirical test using adequate methodology to establish the level of connection between the variables.

**Keywords:** Adequate marketing information, corporate reputation, marketing effectiveness, opportunity identification, strategic orientation

### Introduction

Gray et al. (2018) define entrepreneurship as a process through which opportunities for developing goods and services are discovered, evaluated and exploited. Opportunity recognition occur in the early stages of the entrepreneurship process, prior to venture launch (Haider et al., 2017). Entrepreneur can recognize and exploit a market opportunity given that a business created to meet new market opportunity is more likely to succeed than the one created out of a business idea that does not fit the market (Hartono & Ardini, 2022).

In all entrepreneurial processes and engagement, the issue of opportunity recognition is critical, in that a major step in any entrepreneurial venture creation is the recognition of the opportunity by the entrepreneur (Hartono & Ardini, 2022). Business opportunities basically await entrepreneurial recognition which creates direct impact on marketing objectives. Resources within the reach of entrepreneurs are rightly directed toward recognized opportunities mainly to achieve marketing effectiveness.

Although, previous Research (Ramakrishna, 2005; Ogbadu, 2009; Ondiek, 2014) have shown that opportunity identification is key to performance of organizations. Few studies exist that demystify managers on the nexus between opportunity identification and marketing effectiveness. For instance, Anwar et al. (2022) carried out a study on entrepreneurial orientation and new venture performance in emerging markets; Ardini (2022) investigated the effect of opportunity recognition and organization capability on SME performance in Indonesia.

Also, Kamuri and Ngugi (2019) studied relationship between opportunity recognition and performance of value-system actors in the leather industry in Kenya; Kampa et al. (2020) studied new product opportunity identification: a perspective from inside the intuitive phenomenon; Hartono and Pulka et al. (2019) examined the relationship between marketing capabilities, resources acquisition capabilities, risk management capabilities, opportunity recognition capabilities and SME's performance; Haider et al. (2017) investigated the mediating role of

opportunity recognition between credit, savings and performance of micro and small enterprises in Pakistan.

However, none of these studies focused on the significance of opportunity identification to marketing effectiveness. This study intends to fill this gap by exploring the theoretical relationship between opportunity identification and marketing effectiveness.

### **Theoretical Foundation of the Study: Opportunity-Based Theory**

Opportunity-based theory (Drucker & Stevenson, 1985) provides a wide-ranging conceptual framework for entrepreneurship research (Fiet, 2002; Shane, 2000). The theory holds that entrepreneurs do not cause change, but exploit opportunities that change creates (Drucker, 1985). The entrepreneur always search for change, responds to it, and exploits it as an opportunity. What is apparent in this theory is that entrepreneurs have focus more for possibilities created by change than the problems.

Stevenson (1990) extends opportunity-based theory to include resourcefulness. This is based on research that determined the differences between entrepreneurial management and administrative management. Stevenson (1990) concludes that the core of entrepreneurial management is the “pursuit of opportunity without regard to resources currently controlled.” Opportunity-based approach recognizes the important role of the entrepreneur in the formation of, and the decision to pursue entrepreneurial opportunities.

Shane and Venkataraman (2000) argue that discovery and exploitation of profitable opportunities is central to entrepreneurship. This view is similar to Timmons (1994) conception of entrepreneurship as the process of creating or seizing opportunities. Thus, opportunity-based theory is a fitting foundational theory for this study because organizations become more effective by discovering and exploiting profitable opportunities.

### **Concept of Opportunity Identification**

Ateke and Nwulu (2021) view an opportunity as a present or emerging environmental conditions that promise successful business launch or profitable business growth and sustainability. Opportunity identification is thus the ability to recognize or sense changing market condition that could be exploited (Ateke & Nwulu, 2021). Stern et al. (2007) construe opportunity identification as the process of perceiving, interpreting and acting on trends in the environment that provides avenues to sell existing products, launch new ones or attract new customers.

Opportunity recognition is a most critical aspect of entrepreneurship (Baron, 2004) because entrepreneurial efforts are founded on identifying and exploiting opportunities (Ketchen et al., 2010). Identifying and selecting the right opportunities is important to success in entrepreneurship (Hartono & Ardini, 2022). Opportunity recognition is widely acclaimed to have profound impact on SME performance (Hassan et al., 2020; Guo et al., 2017).

According to Dyer and Ross (2008), opportunity recognition is one of the features that distinguish entrepreneurs. The ability to discover, select, assess and develop the right business opportunities is critical to success of firms (Lumpkin & Lichtenstein, 2005; Ardichvili et al., 2003; Baron, 2004).

### **Marketing Effectiveness**

Marketing effectiveness refers to the extent to which an organization's marketing actions contribute to the achievement of corporate goals (Ghataty et al., 2023; Nwokah & Briggs, 2017).

It is also the ability of a firm to optimize its marketing activities and spend, to achieve desired results in a specified period of time (Solcansky & Simberova, 2010). Mavondo (2004) describes marketing effectiveness as organizations' ability to achieve short-term and long-term goals that directly impact their growth rate, market share, profits, and competitive edge.

Marketing effectiveness that manifests in long-term growth, stability, enhanced customer satisfaction, competitive advantage, and a strong marketing orientation is a sought-after business outcome (Wali, 2018; Milichovský & Šimberová, 2015). In order to achieve these results however, managers must identify the primacy of studying the market, distinguish between opportunities, select the best market to serve and offer superior customer value (Zhou et al. (2005).

It is a win for any business if its marketing strategy lowers marketing spend while increasing return on investment. Thus, in the present study, marketing effectiveness is used to represent how much profit a business makes, while lowering its cost of customer acquisition. The study uses adequate marketing information, corporate reputation and strategic orientation to measure marketing effectiveness.

### **Adequate marketing information**

Adequate marketing information refers to timely and accurate information relevant to marketing activities, and which enable firms to identify opportunities, mitigate risks, and optimize resource allocation (Malhotra & Birks, 2019). In today's business world, having the right marketing information is crucial for companies looking to stay ahead of competition and grow sustainably (Kamuri & Ngugi, 2019). This is because information is vital to informed decision-making, creating successful strategies, targeting specific markets, developing new products and managing customer relationships (Kamuri & Ngugi, 2019).

Organizations without adequate marketing information will not be able to make adequate business decisions (Avwokemi, 2005). Thus, business executives need sufficient information to plan and allocate resources correctly to diverse markets (Zhou et al., 2005). The value of information to marketing decisions cannot be challenged, bearing in mind that marketing success depends on the availability of accurate marketing information. Kotler and Armstrong (2018) states that adequate marketing information encompasses the comprehensive collection and analysis of data pertaining to market trends, consumer behavior, competitors' strategies, and industry dynamics to support effective decision-making.

According to Hair et al. (2020), adequate marketing information provide insights into customer preferences, market demand and competitive positioning. It therefore facilitate the formulation and implementation of targeted marketing strategies. Managers combine qualitative and quantitative data to generate actionable information. The ability of firms to predict market changes, take advantage of new trends, and enhance their marketing effectiveness in enhanced by actionable marketing information (Brady et al., 2019)

### **Corporate reputation**

The concept of corporate reputation has been examined extensively in economics, organizational studies and marketing. In economics, reputation is related to a product's price and quality (Ekechukwu et al., 2023). Researchers in organizational studies analyse reputation from the point of view of social identity, and describe it as an important intangible resource that significantly impact performance and very survival of organizations (Ibini et al., 2023).

Marketing scholars examine reputation under brand equity and associate it with firms' credibility (Prothero & McDonagh, 2014). Despite the use of a varied vocabulary and the difficulty of conceptualization, we observe that there is agreement on the essence of the notion of reputation. A firm's reputation is the direct result of its decisions and past actions. Thus, reputation is fragile and can be ruined easily through inappropriate actions taken. Restoring a firm's reputation often requires time and effort (Miotto et al., 2020), due to the cumulative nature of the building process.

### **Strategic orientation**

Strategic orientation is a definite way to build up strategies based on the analysis of strengths, weaknesses, opportunities, and threats. It generates several rational alternatives and provides prioritization (Nwokah & Briggs, 2017). Strategic orientation combines an internal analysis of a strengths and weaknesses with an external analysis opportunities and threats to arrive at strategic options from which a choice can be made (Avwokemi, 2005).

Therefore, to have a sound analysis of internal and external resources and the function of the organization, the environment needs to be scanned, and the institutional setting analyzed. Marketing effectiveness rely on management of a strategy that is profitable (Avwokemi, 2005). Strategic orientation direct and influence the activities of a firm and generate behaviours intended to ensure the viability and performance of the firm (Gatignon and Xuereb 1997).

Strategic orientation reflects the direction a company take to implement strategies and create proper behavior for continuous superior performance (Grawe, 2009). It is the path a company chooses to achieve ongoing success, including focusing on entrepreneurship, market trends, and continual learning. These orientations are vital for the success and expansion of the organization. (Morshidi et al., 2021).

### **Opportunity Identification and Marketing Effectiveness**

Several studies uphold the existence of relationship between opportunity identification and marketing effectiveness. Anwar et al. (2022) affirm firms with high entrepreneurial orientation can identify and exploit new opportunities and confer superior performance; while Hartono and Ardini (2022) demonstrate that opportunity recognition and organisation capability have a relationship with SME performance.

Also, Kamuri and Ngugi (2019) reports that opportunity recognition improve the performance of value-system actors in the leather industry in Kenya. This suggests that firms with high level of opportunity recognition stand a better chance of improving their performance. Thus, firm must institute policies that enhance their ability to recognize opportunities, if they desire to realize economic benefits associated with entrepreneurship.

Similarly, in a study on dynamic marketing capabilities and organizational adaptability, Ateke and Nwulu (2021) reports that market-sensing capability has positive influence on adaptability of hospitality firms; while in a study on marketing capabilities, resources acquisition capabilities, risk management capabilities, opportunity recognition capabilities and SME's performance, Pulka et al. (2019) showed that opportunity recognition capabilities has strong positive effect on SMEs performance.

In addition, Haider et al. (2017) investigated the mediating role of opportunity recognition between credit, savings and performance of micro and small enterprises (MSEs) in Pakistan. The study revealed that credit and savings have significant impact on performance of MSEs; and that

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opportunity recognition mediates the relationship between credit and performance of MSEs and savings and performance of MSEs; just as Gielnik et al. (2012) in an examination of antecedents to business opportunity identification and innovation found direct effects of opportunity identification on product innovation. This suggests that entrepreneurial experience and active information search provides better understanding and identification of opportunities.

### Summary and Conclusion

This paper focused on analyzing and synthesizing evidence in literature to determine the relationship between opportunity identification and marketing effectiveness; and based on in-depth scrutiny of arguments and reports of scholar in extant literature, the study notes that opportunity identification is an imperative to marketing effectiveness. This deduction is based on the plethora of empirical evidence in literature, especially those that point to opportunity identification as an antecedent to sundry aspect or metrics of marketing effectiveness.

Specifically, our deduction stems from report that firms with high entrepreneurial orientation can identify and exploit new opportunities as well as enjoy superior performance (Anwar et al., 2022); and that opportunity recognition has a relationship with performance of SMEs (Hartono & Ardini, 2022); a strong positive relationship with performance of value-system actors (Kamuri & Ngugi, 2019); and mediates the relationship between credit and performance of MSEs and savings and performance of MSEs (Haider et al., 2017). These reports suggests that opportunity identification has significant effect on marketing effectiveness in terms of adequate marketing information, corporate reputation and strategic orientation.

Thus, this study concludes that opportunity identification has symbiotic relationship with marketing effectiveness. However, to understand the degree and direction of relationships between opportunity identification and marketing effectiveness, it is suggested that an empirical test should be conducted using proper methodology to establish the level of connection between the variables.

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