KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KUMASI, GHANA

KNUST

TOPIC

THE IMPACT OF MARKET SEGMENTATION ON THE AUTOMOBILE PAINT
INDUSTRY IN GHANA-A CASE STUDY OF AKZO NOBEL SIKKENS/BAMSON GHANA
LTD.

BY

BOKOR, MORRISON AWUKU

(PG9784606)

A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS ADMINISTRATION,

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY, IN PARTIAL

FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF AN MBA DEGREE IN

BUSINESS ADMINISTRATION

(MARKETING)

AUGUST 2008

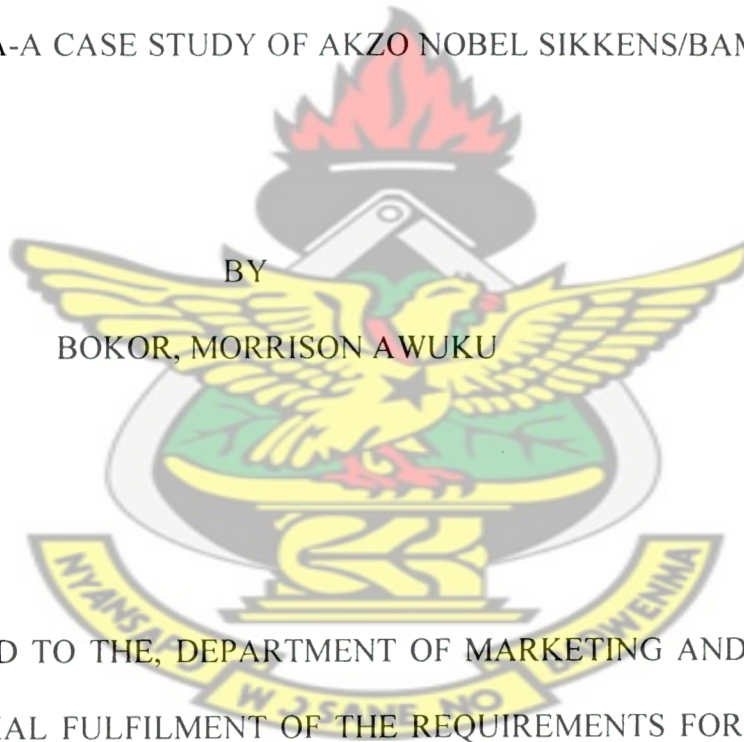KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KUMASI, GHANA

TOPIC

THE IMPACT OF MARKET SEGMENTATION ON THE AUTOMOBILE PAINT INDUSTRY IN GHANA-A CASE STUDY OF AKZO NOBEL SIKKENS/BAMSON GHANA LTD.

BY

BOKOR, MORRISON AWUKU

A THESIS SUBMITTED TO THE, DEPARTMENT OF MARKETING AND CORPORATE STRATEGY, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTERS DEGREE IN BUSINESS ADMINISTRATION.

AUGUST 2008

DECLARATION

I hereby declare that with the exception of specified quotations and ideas, this research work has

been undertaken by me and not a duplicate of any other person's work. I am solely responsible

for any errors and misrepresentation of facts. Where references were made from other writers'

work, I have duly acknowledged them.

Student: Bokor, Morrison Awuku — PG9784606

Sign...MAB...........................

Supervisor: Mr. Samuel Akomea

Sign................................

Head of Department

Sign................................

ACKNOWLEDGEMENT
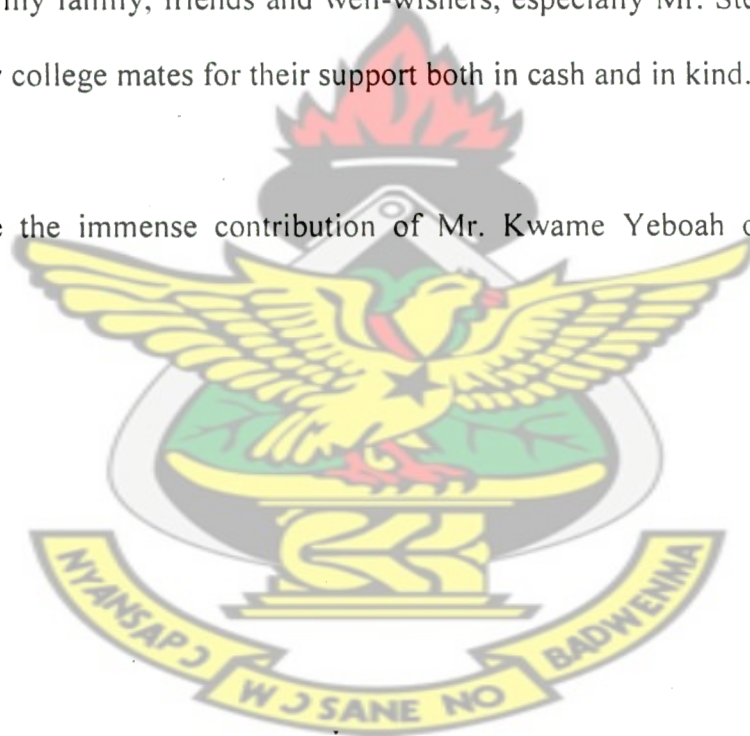
DEDICATION

This work is dedicated to the good Lord for His ever growing grace that he has bestowed on me.

I also dedicate this work to my mother, Juliana Obeng, and the entire family for their support,

love and understanding during the terrible times.

TABLE OF CONTENTS

CHARTER THREE
METHODOLOGY

CHARTER FOUR
DATA PRESENTATION AND ANALYSIS

CHARTER FIVE
SUMMARY, RECOMMENDATION AND CONCLUSION

LIST OF FIGURES

ABSTRACT

This was a study undertaken at Akzo Nobel Sikkens/Bamson Ghana Ltd. It was aimed at finding out the impact of Segmentation as a Marketing strategy, in the automobile paint industry in Ghana. It was established that, the company has many options of levels of Segmentation from Mass Marketing, Niche to Micro Marketing to choose from as part of the overall Segmentation criteria. Both Primary and Secondary data were used. Secondary data gathered were from literature of previously conducted research in the subject area. Internal sales data of the company for the period 1999, 2002 and 2007 were taken. This was aimed at gathering data in order to ascertain information on turnover of the firm pre and post research which then will inform management on the impact of Segmentation on turnover. In a bid to find out the criteria and variables which are used to determine the company's segmentation, measurability ranked as the topmost criteria considered in segmenting automobile paint market, followed by the size of the market, accessibility, growth potential, and differential responsiveness in that order. The variables used by the firm to segment the market are geographic, demographic, psychographic and behavioural. Finally the thesis concludes with some recommendations for management and the company's development. In the light of segmenting the paint industry in Ghana recommendations for other manufacturers were made, for researchers who would want to widen the scope in that area of study some recommendations were also made.

CHAPTER ONE
BACKGROUND OF THE STUDY

1.0 INTRODUCTION

Marketing has become the livewire of corporate institutions in today's world of globalisation and competition. Marketing itself changed from the concept of selling to a holistic approach of not just communicating customers' value but delighting customers. This huge task can only be effectively and efficiently done when the market is carefully segmented. Market segmentation especially in the automobile paint industry in Ghana is so vital because of the differences in the many ethnic groups within the country. Firms decide to project their product as the best in the market; the question arises as to how best one can exploit the possible Marketing strategies to meet the demands of all shades of consumers, attract, retained and get them into a long lasting relationship. An effective market segmentation seems to be the first step in the attempt to capture and sustain a bigger share of this competitive automobile market.

In this regard, the ability to create and sustain a meaningful competitive advantage requires a deep knowledge of customer needs and a disciplined sales and marketing process to ensure that needs are effectively addressed. Market segmentation is a strategic process for achieving alignment between product offerings and customer need.

Automobile markets like all others are not homogeneous. A company cannot connect with all customers in large, broad, or diverse markets. Consumers vary on many dimensions and often can be grouped according to one or more characteristics. A

company needs to identify which market segments it can serve effectively. Kotler and Keller (2006).

To serve effectively and capture the market for a higher turnover and market share demands adopting a strategy as to how to approach the automobile market. Market segmentation is the division of a market into several groups of people with similar characteristics.

Unlike consumer markets, segmenting industrial markets is different and more challenging because of greater complexity in buying processes, buying criteria, and the complexity of industrial products and services themselves. Further complications include role of financing, contracting, and complementary products/services.

The goal for every industrial market segmentation scheme is to identify the most significant differences among current and potential customers that will influence their purchase decisions or buying behaviour, while keeping the scheme as simple as possible. This will allow the industrial marketer to differentiate their prices, programs, or solutions for maximum competitive advantage.

Marketers rely on segmentation to among other things optimize allocation of sales and marketing resources by targeting high-value customers; guide product development and customize service offerings to accommodate needs of target segments and; increase promotional impact by positioning products and customizing messages to align with segment-specific orientations.

2

Even so, successfully bridging the gap between segmentation principles and successful application continue to be a major challenge for the marketing community.

Choosing the right segmentation approach requires both a clear understanding of business objectives and intimate familiarity with the methodological options. A firm grasp of the segmentation mechanics, extensive implementation experience, and specialized industry focus are requirements for anticipating and addressing the specific challenges of each market when designing segmentation approaches.

Webster (2003) describes segmentation variables as "customer characteristics that relate to some important difference in customer response to marketing effort". He recommends the following three criteria of measurability, sustainability and operational relevance to marketing strategy.

Nevertheless, academics as well as practitioners use various segmentation principles and models in their attempt to bring some sort of structure. Here, we discuss a few of the most common approaches:

One of the recommended approaches in segmentation is for a company to decide whether it wants to have a limited number of products offered to many segments or many products offered to a limited number of segments. Some people recommend against businesses offering many product lines to many segments, as this can sometimes soften their focus and stretch their resources too thinly.

Akzo Nobel Sikkens/Bamson Ghana Ltd, a franchise company with its parent company in the Netherlands, is one of the leading names in paint production in Ghana. Automobile paints and household or decorative paints are its speciality. However, much emphasis is on the automobile segment which is also made up of various segments aimed at satisfying the diverse consumer base in the industry.

It may be seen by paint producers that the automobile paint industry is lucrative but one can only be on top when it offers various competitive products for different segments of customers, as well as the marketing strategies adopted by the firms, their competitive advantages and other legitimate methods aimed at increasing market share and profits.

The performance of a segment invariably is determined by customer patronization of the product. Business managers therefore pay premium on quality of product and also formulate marketing strategies aimed at meeting various customer bases thus increasing the sales/turnover, profit margin of the firm and the acquisition of a bigger market share.

Akzo Nobel Sikkens/Bamson Ghana Ltd, faces competition from its competitors but it is still the leading brand in the automobile paint industry in Ghana. This could be attributed to various factors of which segmentation is one. Akzo Nobel Sikkens/Bamson Ghana Ltd. does not just increase sales/turnover, gain market share, profit margin and growth by just implementing any policies but does that by segmenting the market to achieve the set objectives.

4

1.1 STATEMENT OF THE PROBLEM

Market segmentation has been touted as the basis of any meaningful Marketing programme. In Ghana, the inconsistency, unavailability and unreliability of population statistics have generated quite a lot of discussions regarding reliable Marketing practice especially with respect to segmenting the Ghanaian automobile paint market. This has brought the concern about how effectively Akzo Nobel Sikkens Paint firm did segment the Ghanaian automobile paint market.

Perhaps, the variations or the non availability and the unreliability of data on the Ghanaian population were rather an advantage for their usage in segmenting the paint market. This problem of inconsistency of data resulting purely from the high level of illiteracy and basic mistrust could be the added urge in segmentation in order to properly target potential customers for effective positioning of the paint.

Although various market segmentation criteria or variables have found space in the available literature, it appears its usage in segmenting the automobile paint market in Ghana would be very difficult a task. The survival and the success story of Sikkens in the Ghanaian automobile paint industry despite the intense competition has given the cause to suspect that Sikkens has had a robust Marketing strategy which ensures the use of effective measures in segmenting the automobile paint market in Ghana.

Akzo Nobel Sikkens, a paint manufacturing and marketing firm with considerable time in the Ghanaian paint market may have found answers to the perceived difficulties in

5

the segmentation of the Ghanaian automobile paint market. This seemingly success of Akzo Nobel Sikkens/Bamson Ghana Limited in terms of higher sales, market share, increased profit and growth in its area of operation demands a proper scrutiny to assess the effectiveness of its segmentation programme.

1.2 OBJECTIVE OF THE STUDY

Sikkens and other paint producing companies present a wide range of paint products in the automobile industry in Ghana. The consumers and business enterprises that do business with Sikkens have to select from various brands as a result of the divergent range of paints the company produces and sell. This study is concern with how these divergent customers are identified and satisfied?

The research objectives are primarily sought to:

1. Identify the criteria used by Akzo Nobel Sikkens in segmenting the automobile paint market.

2. Find out what segmentation variables are important in the automobile paint markets.

3. Determine the effects of the criteria on Akzo Nobel Sikkens

1.3 RESEARCH QUESTIONS

The research seeks to find out answers to the following questions;

1. What criteria are used by Akzo Nobel Sikkens/Bamson Ghana Ltd. in segmenting the automobile paint market?

2. What variables are important in segmenting Ghanaian automobile paint market?

3. How does the company's segmentation strategy impact sales?

1.4 SIGNIFICANCE OF THE STUDY

The study is significant because it focuses on the segmentation approach being adopted by **Sikkens** in marketing automobile paints. It is also significant because product and market segmentation in modern marketing cannot be under estimated.

Secondly, this study seeks to inform consumers and other paint dealers of the role and importance of Market Segmentation. It would enhance the adoption of the strategic marketing process and its application to the Ghanaian market.

Similarly, it would help shape the marketing performance and experience of other firms. Thus, it will serve as a guiding principle for the other firms that operate in the industry to look for the relevance criteria and segmentation variables worth considering.

Furthermore, it will guide management to channel resources into researching particular variables and criteria that are relevant in any segmentation effort. This would ensure an increased sales/turnover and profitability. It would also help to identify which products to offer to particular market groups and society.

1.5 ORGANISATION OF THE STUDY

This study is divided into five main chapters as follows:

Chapter one is the introduction. Also treated in this chapter are Statements of the Problem, Objectives of the Study, and the Significance of the Study,

Chapter two deals with the Literature Review. The section examines and reviews various works done in the area of segmentation which are of concern to this study. Chapter three covers methodology. Thus, it covers the methods employed in this study relating to the research design and sampling strategy. The chapter also includes the main instrument used in the data collection. Chapter four is concerned with data processing, presentation and the analysis which exhibits the new contribution to knowledge. The data is presented using statistical charts and other diagram forms that help in analysing the data. The chapter five covers the summary, recommendation and conclusion. It also contains references and appendice.

CHAPTER TWO
LITERATURE REVIEW

2.0   INTRODUCTION

Segmentation in Marketing has attracted the attention of many scholars. Consequently, a great number of scholars have written on the subject. In this chapter some of the relevant and related Literatures are reviewed to form the Theoretical Framework of the study.

2.1   THEORETICAL FRAMEWORK

This study is fashioned on a framework developed from the approaches outlined by John Berrigan and Carl Finkbeiner both formerly of National Analysts Worldwide. In their work on new methods of capturing markets, they outlined the nine steps for consideration. Effective as it is, the environmental differences as well as the differences in the markets under consideration necessitated alteration in the approach.

In this framework, the authors offer solutions for identifying needs and provide a framework for developing and implementing strategic and tactical applications that have helped companies re-conceive their marketing strategies by engaging with customers in new ways.

For effective segmentation, the following steps are required

1. A definition of "needs" and guidelines to give meaning to the concepts.

2. Establishment of measures to evaluate criteria for Market Segmentation.

3. Guidelines for conducting the Market Research necessary for identifying needs.

4. The strategic applications of the derived needs-based segmentation.

5. A framework and guidelines for implementing this approach.

6. A working description of tactical applications relating to the marketing mix.

Wind and Cardozo (2004) have also suggested that industrial market segmentation should be based on broad two-step classifications of macro-segmentation and micro-segmentation. This model is one of the most common methods applied in industrial markets today. It is sometimes extended into more complex models to include multi-step and three- and four-dimensional models.

Over a period of four decades, marketers have developed hundreds of market-sensitive segmentation frameworks, including blended, tiered (or hierarchical), and multi-faceted segmentations, by adapting and enhancing a wide range of statistical techniques. These segmentation frameworks have been designed to segment consumers or businesses, individuals or households, products within a portfolio, or usage/purchase occasions using the following types of building blocks, often in combination.

1. Demographic and or institutional characteristics,

2. Behaviours

3. Needs and motivations

4. Attitudes and ethos

5. Usage or purchase occasion characteristics

Market complexity or client objectives frequently argue for multi-dimensional segmentation schemes that draw on some combination of basic variables to properly reflect or illuminate market structure.

Markets as they consist of buyers differ in one way or more ways, they may differ in their wants, resources, locations, buying attitudes and buying practices. Kotler et al (2002). It is within this environment that marketers are moving away from broad mass marketing to a more targeted approach Pickton and Broderick (2005).

Furthermore, as markets also consist of customers with similar needs, for example, consider the wide variety of markets that exist to meet the following needs; eat, drink, exercise, travel, socialise, and educate among others. As you can imagine, such markets if they were not further divided, would be very broad. Marketers therefore identify a trend towards targeted marketing which allows sellers to better identify their marketing opportunities and produce relevant offers to the right customers at the right time .Kotler and Armstrong (1997).

These views are echoed by Blattberg et al. (1978) and Saunders (1980) who emphasized the need for managerially useful segmentation, which puts customers with similar buying needs and characteristics into groups. It therefore makes sense for businesses to segment the overall market and to target specific segments of a market so that they can design and deliver more relevant products and services.

A market segment consists of group of customers who share a similar set of needs and wants. Kotler and Keller (2006) The market thus has special characteristics which are significant to marketing strategy.

It is also a sub group of people or organizations sharing one or more characteristics that cause them to have similar product needs. Segmentation is used when the differences between consumers are seen to be substantial enough so that, to effectively market a product, customers are put into groups. Pickton and Broderick (2005) to achieve the set objectives. The definitions above attest to the fact that if the sub groups do not have similar characteristic features then we can say that it is not a market segment. Segmentation is most often applied to markets; equally, it could be relevant to distribution channels and customers. However, similar principles of how to segment apply to all three.

2.2 THE CONCEPT OF SEGMENTATION

Segmentation has been defined in different fields of study by different authorities, but this research, seeks to define segmentation in the marketing of products and services. 'The process of dividing the total market into several groups whose membership has similar characteristics'. Nickels and McHugh (1999).

This is complimented with the definition that, by dividing a larger market into smaller units with different preferences and subsequently adjusting the product (or service) to the preferences of the individual segments. Hansen (1972).

12

Similarly, it has been stated as 'the process of splitting customers into different groups or segments, within which customers with similar characteristics have similar needs. By doing this, each one can be targeted and reached with a distinct marketing mix

McDonald and Dunbar (1995). Further to this, segmentation has been described as the process of dividing a market into homogeneous segments using one or a range of possible alternative segmentation methods, each segments being composed of customers or consumers sharing similar characteristics. Pickton and Broderick (2005)

Consequently, market segmentation according to Paul and Jerry (1999) is defined as the' process of dividing a market into groups of similar consumers and selecting the most appropriate group(s) and individuals for the firm to serve. They agree that, segmentation goes with dividing a market into groups and tailoring products to suit that demand.

Customers have different needs and wants, likes and dislikes. Marketing theory indicates that customers demonstrate heterogeneity in their product and service requirements and buying behaviour (Assael and Roscoe, 1976; Blattberg and Sen, 1976; Kalwani and Morrison, 1977; Wind, 1978). Again, Market segmentation involves activities designed to aggregate customers with relatively homogeneous buying requirements into groups or segments. Dibb, S. and Simkin, L. (1997).

For example, it is not every person who likes the same motor car or has the same taste in clothes. There are many different types of consumers with different types of needs. Segmentation aims to treat all consumers as individuals. Market segmentation helps to turn Marketing into a science. It does this by separating a market into parts called segments. Each segment contains groups of customers who are likely to respond in a particular way to marketing activities.

As echoed by various authorities above, the underlying aim of market segmentation is to group customers with similar needs and buying behaviour into segments, so that each segment can be reached with a distinct marketing programme. Meadows and Dibb, (1997). The concept attempts to bridge the gap between diverse customer needs and limited company resources, by encouraging distinct product and marketing offerings to be developed to suit the requirements of different customer segments (Assael and Roscoe, 1976; Blattberg and Sen, 1976; Wind, 1978). The Marketing literature suggests that segmentation leads to more satisfied customers, because it offers the practitioner a number of clear benefits: improved understanding of customer needs, more appropriate resource allocation, clearer identification of market opportunities, and better tuned and positioned Marketing programmes. Kotler (1994); Wind (1978).

2.3 THEORIES OF MARKET SEGMENTATION

Several theories are operational in Marketing Segmentation. These are theories propounded by the pioneers in marketing. Notable theories are Economic Theories of segmentation and the Multistage theory among others.

14

2.3.1 Economic Theory of segmentation

The concept of market segmentation was developed in economic theory to show how a firm selling a homogeneous product in a market characterized by heterogeneous demand could maximize profits. The theory shows that optimal profits can be achieved if the firm uses consumers' marginal responses to price, i.e., price elastic ties, to define

mutually exclusive segments and sets price (or output) so that marginal profits achieved in each segment are equal. Extension of these results to include other marketing variables (besides price) is easily done. William and Henry (1968). Since there seems to be little doubt that marketers are interested in the segmentation concept because of its profit implications and because the economic theory model shows how the concept is related to profit maximization, it can be considered as an "ideal" or "optimal" approach.

Although optimal segmentation is a simple and appealing concept, at least four kinds of problems can be identified that makes it exceedingly difficult to utilize.

1. Problems of defining mutually exclusive market segments

2. Problems of measuring response elasticities on a segment by segment basis

3. Information constraints that affect the possibility of reaching segments selectively i.e. the marketer ordinarily only has socio-economic or demographic information about audiences reached by promotional mediator areas covered by distribution outlets and it is usually difficult to find relationship between these and marginal response differentials.

4. Institutional constraints that limit the ability to use existing means of reaching segments with the desired degree of price or promotional selectivity.

The economic theory of segmented markets does not deal with these problems. If the obvious advantages of optimal segmentation are to be realized, we need to extend the theory to include fundamental problems of implementation. The primary purpose here is to present an extension of the segmentation process as a Mathematical model (William and Henry (1968).

2.3.2 Multi-Stage Market Segmentation

As indicated, our goal is to extend the classical microeconomic theory of market segmentation to take account of problems in defining segments, and the existence of institutional and informational constraints on managers' ability to design promotional strategies that will reach specified segments.

The problems of overwriting the essence of demographic, socio-economic, or other "practical" variables to describe consumer groups have been catered for in this analysis. Although our model uses only price and promotional variables, it could be revised to include any of the Marketing mix elements. We assume a market with firms sufficiently decoupled such that strategies can be planned without direct reference to problems of possible competitive retaliation, at least in the short run and for some Marketing variables. The analysis considers profit maximization strategies for a single product William and Henry (1968).

16

2.4 CRITERIA FOR SEGMENTATION

Marketers are recognising that customer are not all alike that they differ in terms of demographics, attitudes, needs, location and social affiliations. Pickton and Broderick (2005). For example, within the market to provide meals, customers differ in the: benefits they want, amount they are able to or willing to pay, media (e.g. television, newspapers, radio stations) they see, quantities they buy, time and place that they buy. Companies divide large heterogeneous markets into smaller segments that can be reached more effective with products and services that match their unique needs. Kotler et al (2002). Thus, for the above to be achieved, market segments should be:

1. measurable (allow marketers to evaluate their size/future potential),

2. substantial (large/profitable enough to warrant particular attention),

3. accessible (possible for marketers to focus marketing effort on)

4. Actionable (allow marketers to develop effective programs to serve the segment). Kotler (1991)

Based on the criteria above, there is no single way to segment a market. A marketer has to try different segmentation variables, alone and in combination, to find the best way to view the market structure Kotler et al, (2002). Research has shown that there are consumer and business markets. They are all segmented using the same variables but each is differentiated based on the concentration of one or more variables than the other. That then determines what segment of market is being discussed. This research focuses on both markets since it intends to satisfy marketers in consumer and business markets.

17

2.5 CONSUMER MARKETS SEGMENTATION VARIABLE

Every product or service has a particular customer profile, which can be expressed in terms of likely age, occupation, sex, age, location among many variables. Pickton and Broderick (2005). Two broad groups of variables are used to segment consumer markets. Some researchers try to form segments by looking at descriptive characteristics, geographic, demographic, and psychographic. Then they examine whether these customer segment exhibits different needs or product response. Kotler and Keller (2006).

The second school of thought form segments by looking at behavioural considerations, such as consumer responses to benefits, use occasions, or brands. Once the segments are formed, the researcher sees whether different characteristics are associated with each consumer Kotler and Keller (2006). Counting on these schools of thought we can therefore say that consumer markets can be segmented on the following customer characteristics:

1.   Geographic

2.   Demographic

3.   Psychographic

4.   Behaviouralistic

2.5.1 Geographic Segmentation: Geographic segmentation calls for dividing the markets to different geographical units such as nations, states, regions, counties, cities, or neighbourhoods. Kotler et al (2002).It is, segmentation based on location measures Pickton and Broderick (2005). The company can operate in one or a few areas, or

18

operate in all or pay attention to local variations. Kotler and Keller (2006). Some sub-variables under geographic segmentation and their summaries:

-Regions: this is a demarcation that satisfies the firm in terms of coverage and access. In Ghana, it could be like the political demarcations like Eastern, Volta and Central regions etc. It could be at a more detailed level like major metropolitan, municipal, district or unit committee areas such as Ga West, Kpeshie Sub-Metro.etc.

- Countries: perhaps categorized by size, development or membership of geographic region.eg.Ghana, Nigeria Japan, Australia, Argentina.

- City / Town size: e.g. population within ranges or above a certain level.

- Population density: e.g. urban, suburban, rural, semi-rural.

- Climate: e.g. Northern, Southern.

Geographic segmentation is an important process - particularly for multi-national and global businesses and brands. Many companies today have regional marketing programs within national localising their products, advertising, promotion and sales efforts to fit the needs of individual regions cities, and even neighbourhoods .Kotler et tal (2002).

2.5.2 Demographic Segmentation: Demographics are general customer and consumer characteristics. Pickton and Broderick, (2005), such as age and income, occupation, gender, family size, family lifecycle generation: baby-boomers, Generation X,

Education, ethnicity, nationality ,religion ,social class, that are used by businesses to identify markets for their goods and services.

Demographic segmentation is the most common method of dividing the overall market. Gunter and Furnham (1992).Demographics are used to identify who your customers are (now and in the future), where they live, and how likely they are to purchase the product you are selling.

By studying your customers and potential customers through demographics, one can identify changing needs in the marketplace as in market size, and 'the media that should be used to reach it efficiently'.Kotler and Keller (2006). For the businessperson, identifying the demographic groups that will be most interested in your product can mean the difference between success and failure. However, using a demographic base alone rarely provides a complete understanding of user differences .Croft (1994) .This is especially critical for the small businessperson who might have less room for error than larger companies.

Basic demographic analysis is used for two reasons: to identify population characteristics in order to determine just who your potential customer is and to serve as a means of locating geographic areas where the largest number of potential customers live. For example, if you were interested in selling a new denture cream, it is likely that you would want to identify the towns or cities in Ghana that had the largest concentration of elderly consumers. Once you identified those areas, you would want to know more about the elderly people who lived in those cities: What are their buying

habits? How many wear dentures? How many are on a fixed income? These are the types of questions that demographic studies can help answer. Some sub-variables and their summaries:

Age: Consumer wants and abilities change with age .Kotler and Keller (2006), although they may still wish to consumer the same types of product. So Marketers design, package and promote products differently to meet the wants of different age groups. Good examples include the marketing of toothpaste (contrast the branding of toothpaste for children and adults) and toys (with many age-based segments).

Education level: This is an increasingly important factor as technology becomes more important to day-to-day living. Generally, the more education a person has, the greater the income they earn, thus the more money they have to purchase products. Education is most often measured by level of schooling completed. As a rule of thumb, college-educated people are among the most desirable consumer groups, but studies show that they also tend to be the least brand loyal. This means a business may have to work harder to reach and keep those customers.

Life-cycle stage: A consumer stage in the life-cycle is an important variable - particularly in markets such as leisure and tourism. For example, contrast the product and promotional approach of Club 18-30 holidays, which aims at young singles seeking the four Ss: sun, sand, sea and sex with the slightly more refined and sedate approach adopted by Saga Holidays which caters for older people, its prices are kept low by travelling off-peak .Kotler et tal (2002).A lifestage is dynamic in that it incorporates

L BRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

change that an individual is likely to experience throughout life. Thus, this type of segmentation is not only a major predictor of consumer needs, but indicates when a consumer will be attracted to a particular product field .Pickton and Broderick (2005).

Gender: Gender segmentation is widely used in consumer marketing. The best examples include clothing, hairdressing, magazines and toiletries and cosmetics .Kotler et al (2002). Men and women tend to have different attitudinal and behavioural orientations, based partly on genetic makeup and partly on socialization. Research study examining how men and women shop, found out that men often need to be invited to touch a product, while women are likely to pick it up without prompting Kotler and Keller (2006).
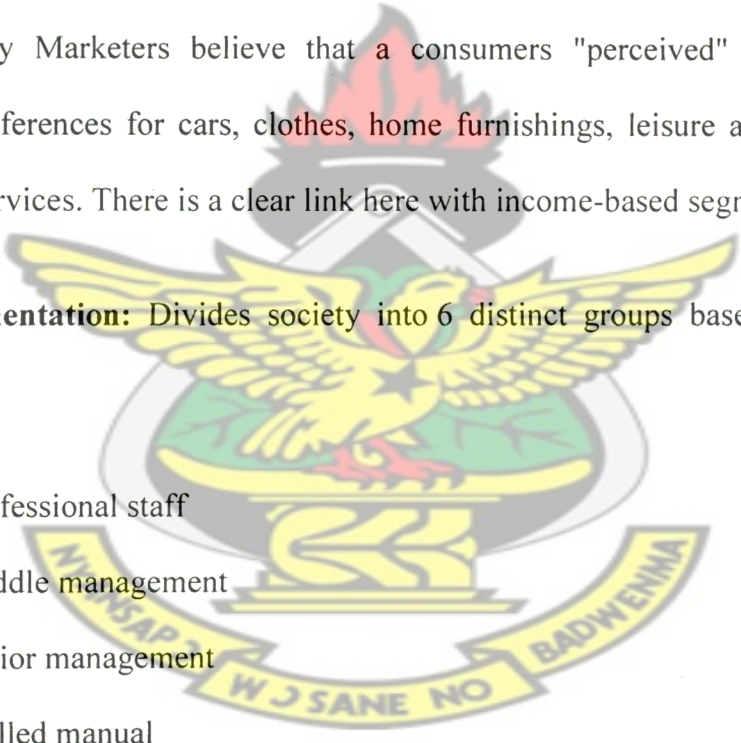
Income: Another popular basis for segmentation. In general, income tends to increase with age as people obtain better-paying jobs and receive promotions. Married couples often have a higher income because both spouses are working. However, it does not always predict the best customer for a given product .Kotler and Keller (2006). Income is recorded by the U.S. Census Bureau in a number of ways, each with different ramifications for marketers. Income is defined as all money and public assistance that is earned before taxes and union dues are taken out. Personal income is money plus noncash benefits such as food stamps. Disposable income is the money that is left after taxes are taken out, and discretionary income is the amount of money left after taxes are paid and necessities such as food and shelter are paid for. It is often this last type of income that marketers are most interested in. Income can be reported for households or

individuals. Kotler, (2006) .Many companies target affluent consumers with luxury goods and convenience services.

Good examples include Coutts bank; Moet & Chandon champagne and Elegant Resorts – an up-market travel company. By contrast, many companies focus on marketing products that appeal directly to consumers with relatively low incomes. Examples include Aldi (a discount food retailer), Airtours holidays, and discount clothing retailers such as TK Maxx. Webster (2003)

Social class: Many Marketers believe that a consumers "perceived" social class influences their preferences for cars, clothes, home furnishings, leisure activities and other products & services. There is a clear link here with income-based segmentation.

Social Class Segmentation: Divides society into 6 distinct groups based solely on occupation.

1. A.   Professional staff

2. B.   Middle management

3. C1.   Junior management

4. C2.   Skilled manual

5. D.   Semi-skilled and unskilled workers.

6. E.   Those dependent on the state.

Social class segmentation works on the assumption that the higher your profession the more you will earn. Thus the more affluent lifestyle you will lead. Marketers use this

23

type of information to sell products and services based on lifestyle behaviour, and your profession does have an impact on the way you behave.

Although Demographic Segmentation is useful in identifying who is purchasing a particular product or service, 'they don't go far enough'. Gunter and Furnham (1992). Marketers can use alternative segmentation variables which aim to add value and richness to demographic data when describing consumer behaviour for segmentation purposes Pickton and Broderick, (2005).Other segmentation variables are treated below;

2.5.3 Psychographic Segmentation

Psychographic Segmentation differentiates and aggregates consumers in terms of psychological dimensions, such as values, lifestyles, attitudes, interests, and opinions Mullen and Johnson (1990) and social class .Kotler, (1994). They may also be referred to as personality characteristics. Such segmentation is generally used when purchasing behaviour is correlated with the personality or lifestyle of consumers .Jobber (1995). In this case, consumers with different personalities or lifestyle have varying product or service preferences and may respond differently to marketing mix offerings .Pickton and Broderick (2005).

Lifestyle segmentation divides the market into segments based on activities, interests, and opinions. Plummer, (1974). However, in contrast to demographics, where it is possible to define characteristics, there are no fixed definitions for lifestyle. Moreover, identified lifestyle characteristics must be related to specific product categories if they are to be useful to marketers e.g. a segment identified as fashion conscious or

24

community-minded would seem not to be particularly relevant for marketing financial services .Minhas and Jacobs(1996).

Marketers develop and aim products /services at particular **lifestyle groups** and develop **lifestyle profiles** on their target market. If we understand the lifestyle of a particular group we can sell them product/services on the basis that it will enhance their lifestyle. A lifestyle group is a particular segment defined by the organization that is marketing a product or service. This lifestyle segment is labelled because individuals within it display similar characteristics. For example in the early 1980s when the UK economy was booming, the City of London was increasingly employing young independent staff on very high salaries. The media termed this group as YUPPIES; these were young upwardly mobile professionals, associated with mobile phones, money, expensive cars, and prestigious city jobs.

Third agers are another group termed and identified by the marketing industry. They are people in their 50s retired from a profession, and have a high disposable income with time on the hand. They are adventurous and experimenters. They can be termed people who spent their past lives working hard and they seek enjoyment from their remaining years and have the income to spend on luxury items.

Personality Characteristics: Products and brands can also be aimed at particular personalities. Personality variables have been used in market segmentation by endowing products with brand personalities that attempt to correspond to consumer personalities. Pigaio motorcycles are aimed at young 18-25 outgoing, independent persons. Often marketers try to develop personalities for their brands and products that

mimic that of their target market. However, the overwhelming majority of studies suggest that, if a relationship between personality and aspects of consumer behaviour exists, it is so weak that it is of little practical value to marketers .Kassarjian and Sheffet (1991).

Social Class Segmentation: Often determined simply by averaging the person's position on several status dimensions .Loudon and Della Bitta(1993),it ignores the inconsistencies which arise from an individual ranking high on one dimension (such as income), but low on another (such as education). Also, the assumption that a person's social class is stable ignores the effects of mobility (Dominguez and Page, 1981; Haug, 1973; Zaltman and Wallendorf, 1979). Moreover, the further supposition that an individual identifies only with the social class in which he/she is categorized ignores reference group effects from other classes. The common practice of measuring the social class of an entire family via the characteristics of the adult male wage earner alone overlooks characteristics of other family members, particularly the employment and education of the adult female. Opinions differ concerning which procedures are best for identifying social classes. Indeed, social class may not always be a relevant consideration in segmentation. But when it is, it can be more effective when used in conjunction with other approaches .Dhalla and Mahatoo, (1976).

2.5.4 Behavioural Segmentation

Behavioural Segmentation is based on actual customer behaviour toward a product or service. Customers may be segmented based on frequency of purchase or the different

benefits they seek when selecting a product .Pickton and Broderick (2005). Some behavioural variables include:

1.   Benefits

2.   Usage rate

3.   Brand loyalty

4.   User status: potential, first-time, regular, etc.

5.   Buyer Readiness

6.   Occasions: holidays and events that stimulate purchases .Kotler and Keller (2006).

Benefits Sought: The disadvantages of other methods can be overcome by using benefit segmentation, a form of Behavioural Segmentation. Its proponents argue that the benefits that people seek constitute the basic reason for purchase, and therefore form the proper basis for market segmentation (Assael, 1995; Haley, 1968). Kotler (1994) goes so far as to call it a "powerful form" of segmentation.

Marketing and advertising executives constantly attempt to isolate the particular benefit or benefits that they should communicate to consumers, for example, Merrill Lynch's concentration on financial security. Merrill Lynch's pioneering Cash Management Account, launched in 1978 and integrating brokerage, credit/debit card, and banking with the aid of a sophisticated computer system, still retained market leadership in 1985. Knowing consumers' level of interest in alternative benefits is important in shaping, and perhaps changing, a company's product portfolio. Moreover, such knowledge is helpful in predicting the attention that will be paid to advertising copy developed around those benefits. Thus, benefit segmentation can be used not only to develop new products and

reposition or discontinue old products, but also to facilitate a two-way communication process between the consumers and the company .Minhas and Jacobs (1996)

.The main strength of benefit segmentation is that the benefits sought have a causal relationship to future behaviour. However, difficulties can arise in choosing the correct benefits to be emphasized and making certain that consumers' stated motives are their real motives. Failure to understand the benefits which consumers may be seeking can prevent market success .Young *et al* (1978).

Occasions

When a product is consumed or purchased. The time of day, week, month, year in terms of other well-defined temporal aspects of a customer's life. For example, juice has traditionally been marketed as a breakfast-related product. Florida Citrus Growers ran an ad campaign-"Orange Juice. It's Not For Breakfast Anymore"-to expand its usage to other day parts .Kotler and Keller (2006). Mothers Day and Fathers Day are promoted to increase the sale of confectionary .Kotler et tal (2002).

Usage

Some markets can be segmented into light, medium and heavy -user groups. Heavy users are often a small percentage of the market, but account for a higher percentage of total buying. For example, the owner of a pub in a mining town knows that 41% of the adult population of the village buy beer. However, the heavy users accounted for over 87% of the beer consumed-almost seven times as much as the light users. Clearly, the

owner would prefer to attract heavy users to his pub rather than light users. Kotler et al (2002).

Loyalty

Many firms are now trying to segment their markets by loyalty and are using loyalty schemes to do it. They assume that consumers are completely loyal-they buy one brand all the time .Kotler et tal (2002). Consumers who buy one brand all or most of the time – are valuable customers. Loyalty status can be divided into four groups according to brand loyalty status:

1.   Hard-core loyal-consumers who buy only one brand all the time

2.   Split loyal-consumers who are loyal to two or three brands.

3.   Shifting loyal-consumers who shift loyalty from one brand to another.

4.   Switchers-consumers who show no loyalty to any brand. Kotler and Keller (2006)

Many companies try to segment their markets into those where loyal customers can be found and retained compared with segments where customers rarely display any product loyalty. The holiday market is an excellent example of this. The "mass-market" overseas tour operators such as Thomson, Air tours, JMC and First Choice have very low levels of customer loyalty - which means that customers need to be recruited again every year. Compare this with specialist, niche operators such as Laskarina which has customers who have travelled with the brand in each of the last 15-20 years.

2.6. BUSINESS MARKETS SEGMENTATION VARIABLES

In contrast to consumers, business customers tend to be fewer in number and purchase larger quantities. They evaluate offerings in more detail, and the decision process usually involves more than one person. Business buyers segment geographically or by benefits sought user status, usage rate, loyalty status, readiness state and attitudes .Kotler et al (2002). These characteristics apply to organizations such as manufacturers and service providers, as well as resellers, governments, and institutions. Consumer and business marketers use many of the same variables to segment their markets .Kotler and Keller (2006).Business markets might be segmented on characteristics such as:

1.   Location

2.   Company type

3.   Behavioural characteristics

Location: In business markets, customer location may be important in some cases. Shipping costs may be a purchase factor for vendor selection for products having a high bulk to value ratio, so distance from the vendor may be critical. In some industries firms tend to cluster together geographically and therefore may have similar needs within a region.

Company Type: Business customers can be classified according to type as follows:

1.   Company size

2.   Industry

3.   Decision making unit

4.   Purchase Criteria .Kotler et al (2002).

Behavioural Characteristics: In industrial markets, patterns of purchase behaviour can be a basis for segmentation. Such behavioural characteristics may include:

1.   Usage rate

2.   Buying status: potential, first-time, regular, etc.

3.   Purchase procedure: sealed bids, negotiations, etc. Webster, (2003).

It can then be said that several variables are taken into consideration before segmenting the market. We have depth segmentation that refers to a situation in which numerous variables have been combined to give a clear understanding of a segment. Webster, (2003).

2.7.   EFFECTS OF MARKET SEGMENTATION.

Discussion about the benefits and opportunities which segmentation offer spans several decades and extends to both the practitioner and academic press .Beane and Ennis, (1987); Choffray and Lilien (1978).

Dagmar R, (2001).Contends that, segmentation is the basis for developing targeted and effective marketing plans. Furthermore, analysis of market segments enables decisions about intensity of marketing activities in particular segments and has the following to add up; a segment-orientated marketing approach generally offers a range of advantages for both, businesses and customers.

Better serving customers' needs and wants: Perhaps the most widely cited benefit is that segmentation leads to a better understanding of customers' needs and characteristics. This understanding allows more carefully tuned marketing programs to be developed and a greater insight into the competitive situation to be achieved (Bonoma and Shapiro, 1983; Frank *et al.*, 1972; Garda, 1981; Powers, 1991). It is possible to satisfy a variety of customer needs with a limited product range by using different forms, bundles, incentives and promotional activities.

The computer manufacturer Dell, for instance, does not organize its website by product groups (desktops, notebooks, servers, printers etc), but by customer groups (privates, small businesses, large businesses, public/state organizations). They offer the same products to all customer groups. Nevertheless, they suggest product bundles and supporting services that are individually tailored for the needs of each particular group. As an example, Dell offers to take on all IT-administration for companies. This service provides a huge potential for savings for corporate customers. However, it would be absolutely useless for private customers. Thus, segment-specific product bundles increase chances for cross selling.

Higher Profits: It is often difficult to increase prices for the whole market. Nevertheless, it is possible to develop premium segments in which customers accept a higher price level. Such segments could be distinguished from the mass market by features like additional services, exclusive points of sale, product variations and the like. A typical segment-based price variation is by region. The generally higher price level in big cities is evidence for this. Webster, (2003).

32

When differentiating prices by segments, organizations have to take care that there is no chance for cannibalization between high-priced products with high margins and budget offers in different segments.

Opportunities for Growth: Targeted marketing plans for particular segments allow to individually approach customer groups that otherwise would look out for specialized niche players. By segmenting markets, organizations can create their own 'niche products' and thus attract additional customer groups. Low market share companies with limited resources can use segmentation to focus marketing assets by identifying, developing and sustaining activity in lower risk market segments .Hammermesh *et al.*, (1978). Moreover, a segmentation strategy that is based on customer loyalty (see loyalty ladder model) offers the chance to attract new customers with starter products and to move these customers on to premium products.

Sustainable customer relationships in all phases of customer life cycle: Customers change their preferences and patterns of behaviour over time. Organizations that serve different segments along a customer's life cycle can guide their customers from stage to stage by always offering them a special solution for their particular needs. Segmentation can lead to more efficient resource allocation as companies strive to assess the relative attractiveness/future potential of particular markets and segments within them. For companies which operate across a wide range of markets, such analysis plays a vital role in ensuring that the balance of marketing activities continues to contribute to market share and profitability .Dibb and Simkin (1997).

For example, many car manufacturers offer a product range that caters for the needs of all phases of a customer life cycle: first car for early twenties, fun-car for young professionals, family car for young families, etc. Skin care cosmetics brands often offer special series for babies, teens, normal skin, and elder skin.

Targeted Communication: It is necessary to communicate in a segment-specific way even if product features and brand identity are identical in all market segments. Such a targeted communications allows stressing those criteria that are most relevant for each particular segment (e.g. price vs. reliability vs. prestige).

Stimulating Innovation: An undifferentiated marketing strategy that targets at all customers in the total market necessarily reduces customers' preferences to the smallest common basis. Segmentation analysis also helps companies identify new opportunities in under-served customer groups. This can be particularly advantageous in mature or declining markets, where some segments may still be growing .Hooley and Saunders, (1993). Only the identification of these needs enables a planned development of new or improved products that better meet the wishes of these customer groups. If a product meets and exceeds a customer's expectations by adding superior value, the customers normally is willing to pay a higher price for that product. Thus, profit margins and profitability of the innovating organizations increase.

Higher Market Shares: In contrast to an undifferentiated marketing strategy, segmentation supports the development of niche strategies. Thus marketing activities can be targeted at highly attractive market segments in the beginning. Market leadership

in selected segments improves the competitive position of the whole organization in its relationship with suppliers, channel partners and customers. It strengthens the brand and ensures profitability. On that basis, organizations have better chances to increase their market shares in the overall market. Dagmar R. (2001). Used effectively, market segmentation should help also to develop and maintain an edge over rival organizations Dibb and Simkin (1996).

2.8 LINKING MARKETING THEORIES TO MANAGEMENT PRACTICES

Most research work tends to associate findings to reality but at the end does it really meet that expectation. Here a link between management practice and marketing theory is suggested by Cierpicki, Steve, Faulkner, Margaret and Rungie, and Cam believed the theory behind each criterion is briefly explained with supporting evidence cited from their literature. The relative importance and current application of each criterion is then discussed based on the results of interviews with a panel of 'experts'. This included rating the ability of different types of variables (demographic, behavioural and cognitive variables) against the criteria.

These theories of market segmentation and linking to practices have been elaborated and cited below

- The closer matching of a company's products and capabilities with customers needs Smith(1956); Yankelovich (1964); Wind (1978); Mitchell (1996), and more specifically,

directing resources to the most potentially profitable segments .Yankelovich (1964); Wind (1978).

- A greater understanding of how to most effectively communicate with customers in the market .van Raaij and Verhallen (1994), including quantifying the responses of segments already established .Yankelovich (1964).

- An insight into the first signs of behavioural changes of consumers .Yankelovich (1964); Mitchell (1996), allowing for such things as product repositioning .van Raaij andVerhallen (1994).

- The identification of new product/service opportunities from segments that have not been previously exploited .van Raaij and Verhallen (1994); Mitchell (1996), although marketing research oriented toward this area has been limited .Dickson and Ginter (1987).

- Improving strategy by not competing head on with larger organizations with superior resources .Mitchell (1996).

Since the customer is the target of every product they suggested that the variables which were needed in the segmentation should be looked at and consolidated. These were recommended;

1. **Variables should correlate to differences in buyer behaviour**

The aim of market segmentation is to form distinct groups and this assumes that markets are heterogeneous and can be segmented Wind (1978). However, this is not sufficient to provide managerially useful segmentation results, as the variables used must relate to differences in buyer behaviour.

Frank (1967) raised the need for segments to differ in terms of some aspect of customer behaviour that has an impact on demand. Green (1991) also associates market segmentation with a presupposition of heterogeneity in buyers' preferences (and ultimately choice behaviour) for product/services. While market segmentation has traditionally been based on variations in demand, it is also possible to segment markets on supply factors, such as consumer profitability based on consumer behaviour or its consequence to the firm .Storbacka (1997).

Irrespective of how segmentation occurs, it is important that the variable used correlates with behaviours of interest. Accordingly, a prerequisite of market segmentation is the identification of the main predictors of behaviour. Arising, therefore, is the question of which variables (demographics, other behaviours or cognitions) are the better predictors.

Unfortunately, despite thousands of academic and commercial segmentation studies (of which demographic variables have been the dominant classification variable), one can draw very few generalisations as to which variables would have what effect under what

conditions .Wind (1978). In terms of demographics, while variables certainly can be behavioural, they traditionally embellish cognitive constructs. 367 intuitively the best option, there are many adhoc studies scattered throughout the literature finding little or no link between demographic descriptors and purchase behaviour or segment membership (for example, see Hammond, 1996, Biehal, 1983, Danneels, 1996, Shoebridge, 1997).

In attempting to compare demographics and the lesser used behavioural variables, Cierpicki (1998) found that behavioural variables were equally good predictors of overall buying behaviours as, and at times better than, demographic variables in a reanalysis of seven empirical studies. In regard to cognitive variables, the current general view is that they are generally poor predictors of behaviour, except under the most stringent of research control conditions (Kassarjian. 1991. van Raaij. 1994. Kraus. 1995, Foxall, 1996).

2. **Variables should classify consumers into groups such that those *within* a group react in a largely similar way to the marketing stimuli of interest.**

3. **Variables should classify consumers into groups such that those *within* a group react in a largely different way to those in other groups.**

Criterion 2 and 3 have been widely endorsed in the literature, with both included in the definition by Smith (1956) and acknowledged by Claycamp (1968) and Dickson (1987)

to be ideal conditions in a segmented market. Kotler (1997) refers to criterion 3 as the ability to define 'differentiable' segments – segments that are conceptually distinguishable and respond differently to different marketing mix elements. Van Raaij (1994) refers to criterion 2 as 'congruity' and criterion 3 as 'variation'.

4. **Variables should classify within-person differences as well as between person differences, i.e. classify behaviours or specific attitudes as well as people.**

Preference heterogeneity can relate to differences between consumers (for example, demographic or psychographic characteristics, product usage, brand loyalty, etc), or to different situations (for example, type of meal consumed, purchase as a gift or for oneself, etc) (Green, 1991). Research undertaken by Dubow (1992) has shown that people-based versus occasion-based segmentation can produce different cluster solutions.

A preference to use individual differences to segment users is found within the literature, but practically speaking, situation or person-situation analysis is most likely to provide managerially useful insights .Dickson (1982). It may be too strong a claim to state that variables should always classify both within-person differences and between-person differences but the literature highlights this criterion as offering another choice in the segmentation process.

Dickson (1982) went on to argue that it is the demand curves that are segmented, not people or situations. These demand curves reflect the needs that arise from consumers' interactions with usage situations. This suggests that both types of differences are important in the market segmentation process. Additionally, as behavioural correlates are almost always situation specific variables .Rudelius (1987), 368 behavioural variables would be expected to perform well in classifying within person heterogeneity.

5.   **Variables that classify consumers should be able to be identified and measured**

When deciding on the basis for segmentation it is essential that the selected variable can be both identified and measured, otherwise it is impossible to complete the market segmentation process. The definitions provided by van Raaij (1982) are used in this research, with 'identification' being the clear differentiation of one segment from another and 'measurability' the identification of segments in terms of measurable characteristics (relevant to consumption related behavioural response).

6.   **Variables should be objective rather than subjective**

This is an extension of the previous criterion and attempts to ensure that the segments formed would be found if the process was repeated. It is possible that the segmentation approach undertaken by a firm does not reflect reality, particularly if the basis for segmentation is not the relationship between perceived product characteristics and demand .Dickson (1987). It was expected that practitioners would consider some

variables (e.g. demographic characteristics) to be more objective than others (e.g. attitudes and psychographic characteristics). While the use of objective variables may be desirable, this could also lead to a preference in the use of variables that do not provide a link with behaviour.

7. **Variables should classify consumers such that the segments are relatively stable over situations and time i.e., once classified, consumers should react similarly, over time, to communicative, distributional and product-related stimuli**

This criterion highlights the importance of segment stability to managers. If the membership of segments or reaction of members changes in the short to medium term, then the findings of segmentation studies will provide little assistance to marketers. Stability depends on the choice of variable used as the basis for segmentation and Hoek (1993) states that it is illogical to expect segments defined in terms of benefit importance, usage habits or attitudes to remain constant in size, composition and behaviour.

8. **Variables used to classify consumers should be able to withstand small changes in the way data is analyzed**

This refers to the method utilized in the process of market segmentation. Variables used to identify segments should be robust enough to withstand small changes in the way the

data is analyzed. Wright (1996). This is particularly important because many approaches rely on researchers providing decisions that can affect the segment solution identified.

Subjective choices include the technique used, as well as the number and composition of segments. Indeed a number of authors have highlighted that validation is essential when using clustering techniques, particularly when using hierarchical cluster analysis as this 369 method is known to be less reliable than alternative segmentation methods .Edris (1989). Unless several different algorithms detect groups with similar positions and size, then the identification of 'real' segments cannot be claimed .Esslemont (1989). As evidence of the need for this criterion, Wright (1996) cites an example where two competitors in the same market identified different (and different numbers of) market segments; one competitor identifying approximately twice as many as the other.

In another example, Esslemont (1989) reanalyzed a commercial segmentation study that used cluster analysis to come up with six customer segments. In reanalyzing the raw data using 8 different cluster algorithms, the solutions found were markedly different. Given these outcomes, both Wright (1996) and Esslemont (1989) question the popularity of market segmentation.

9. **Variables used to classify consumers should be able to generalise i.e. suitable and applicable to many products and services.**

It has been claimed that, at a general level (where broad consumption behavioural patterns are of interest), variables that are largely stable and permanent characteristics of consumers (e.g., age, education, and personality) are likely to be the most suitable and, in principle, apply to many products and services .van Raaij(1994).

Expanding on this, Cornish (1989) suggests variables should consist of exclusive and unambiguous points or cells that have a consistent meaning in all surveys and source material. On this criterion it could be expected that demographic variables should perform well.

10. **Variables used to classify consumers should exhibit a high level of reliability that is, can assign an individual to the same category each time he or she is studied**

This criterion combines elements of criterion 8 (reliability) and criterion 7 (stability), and refers to the segments themselves rather than the ability to reproduce results with various techniques. The stability of segments over situations and time is an important issue and one that is often neglected .Wind (1978). There are three factors that effect the stability of segments, the basis for segmentation; the volatility of the marketplace; and consumer characteristics .Wind (1978).

The factors that impact on psychographic segmentation have been discussed by Edris (1989) and include the degree of variation between groups, the number of variables employed, the size of the sample, and the accuracy in response. As stated previously,

the stability of segments is a critical issue if the results of market segmentation are used to target customers at an individual level, e.g. using database marketing.

11.   The cost and effort/convenience of collecting the variable should be low

From the above, it could be stated categorically that, in the conduct of segmentation certain key variables need not be left out, since that could either lead to a loss or a gain in the fortunes of the company. Therefore managers should also entreat themselves to the theories and in the managerial practices.

CHAPTER THREE

METHODOLOGY

3.0 INTRODCTION

This chapter explains the way the research was carried out. It further describes the methods used in conducting the research based on the research objectives and questions. It indicates the design for the research, the population size, and sampling frame, sample size, sampling methods, data collection methods and analysis.

3.1 RESEARCH DESIGN

The research design was an exploratory survey examining the segmentation strategy of automobile paints of Akzo Nobel Sikkens Ghana Ltd. The exploratory approach was used because it appears little is known about segmentation of automobile paint market in Ghana. The researcher employs the qualitative research approach in this study but will where inevitable make use of quantitative approach in support as well. Primary data was collected using questionnaires and interviews, whilst available documents and materials relating to the segmentation as well as the various dimensions measured by the research that was found on the field and used as secondary data.

3.2 SAMPLING

Stratified sampling strategy was employed to group the various groups of interest to the researcher after which purposive sampling were used to select the samples. The purposive sampling method was used because not all members of the company have knowledge of the segments of automobile paints of the company.

45

The respondents were selected in Accra because of their population, making up the bulk of branches the company has being concentrated there, and their contribution to the growth of the company. Furthermore, the closeness of the offices to the researcher was also considered. The other sampling techniques were also used to get a fair representation of the total population.

The sample frame was the key stakeholders. Generally, these stakeholders comprise members of the various branches of Akzo Nobel Sikkens, car body builders or welders, car sprayers and other customers in Accra, Ghana. Out of this frame, a sample size of 80 respondents was drawn for the study. It was to be on 50 – 50 basis of 40 employee respondents and 40 user respondents. A questionnaire was then administered to all the 80 employees that satisfied the researcher's criteria. This makes it thus as a census study but then it is termed 'census' only if data is collected and analysed from every possible case or group member Saunders et al. (2007). However, the researcher eventually reduced the questionnaires analysed to 70.

3.3   DATA COLLECTION

The data for the study was purely primary sourced obtained from mainly the workers/management and users or customers of Akzo Nobel paint within the Accra metropolis. The primary data were collected by the researchers through the administration of questionnaires and granting of interviews.

In addition to the primary data, secondary data was also used in the study. These include information from the company mainly the 2007 monthly sales report which is of interest to this researcher to determine sales turnover over the previous period. It also includes

46

contributions from books in the libraries, handbooks, journals, newsletters and magazines cited in the reviewed literature.

3.4   RESEARCH INSTRUMENT

In order to effectively gather information about the segmentation criteria and its impact on Akzo Nobel Sikkens segments of automobile paints in Ghana, closed and open-ended questionnaires were designed and used.

The closed-ended questions were also used to ensure uniformity and easy completion of the questionnaire. The open-ended questions, on the other hand, were used as a technique to probe further on the questions and to minimize grey areas in questionnaire design and ambiguities on the part of respondents.

More importantly, the questionnaire was used to ensure uniformity. Items in the questionnaire were used to measure the following variables of interest in this research – the segmentation variables and criteria that are considered in market segmentation, the effects of the segmentation factors on markets and the impacts they have on Akzo Nobel's sales targets, The questions and variables measured by questionnaires distributed to the various branches were the same. Apart from the use of questionnaire, a face to face interview was conducted with the key respondents within the company.

3.5 DATA ANALYSIS

The data collected was presented using the Microsoft Office Excel software. The statistical methods used in analyzing the data gathered were tables and charts. These were used to present the information in meaningful forms. The results were then interpreted and analysed. The discussion was supported by the qualitative data obtained from the interviews and the secondary data. The analyses and discussion were facilitated and relevant conclusions drawn and recommendations made.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0   INTRODUCTION

In this chapter, data obtained from the field through questionnaire and interviews are presented analyzed and discussed. The total number of adequately filled questionnaires was 70 after going through data reduction due to the adequacy of the filled questionnaires. That means that the overall response rate was over 80 per cent. The data is presented using statistical instruments as in frequencies and percentages.

4.1   FINDINGS FROM PRIMARY AND SECONDARY DATA

The data presented and analysed in this study is gathered from the structured questionnaire administered to the selected sample. The company has many options of levels of segmentation from mass marketing, niche to micro marketing to choose from as part of the overall segmentation criteria

Is the company's segmentation product based or market based?

The attempt to find out the level of segmentation was to determine whether the market was the main factor considered or the products. The data collected showed that it is the markets that are segmented not product based segmentation. In a response to the statement "Sikken's segmentation is market based not product based", the result has 15 employee respondents

agreeing strongly, 10 agreed, 4 of them disagreed both strongly and otherwise with 2 of them remaining neutral.

Figure 1

sikken's segmentation is market based than product based

- strongly agree
- disagree
- strongly disagree
- agree
- neutral

6%
29%
11%
11%
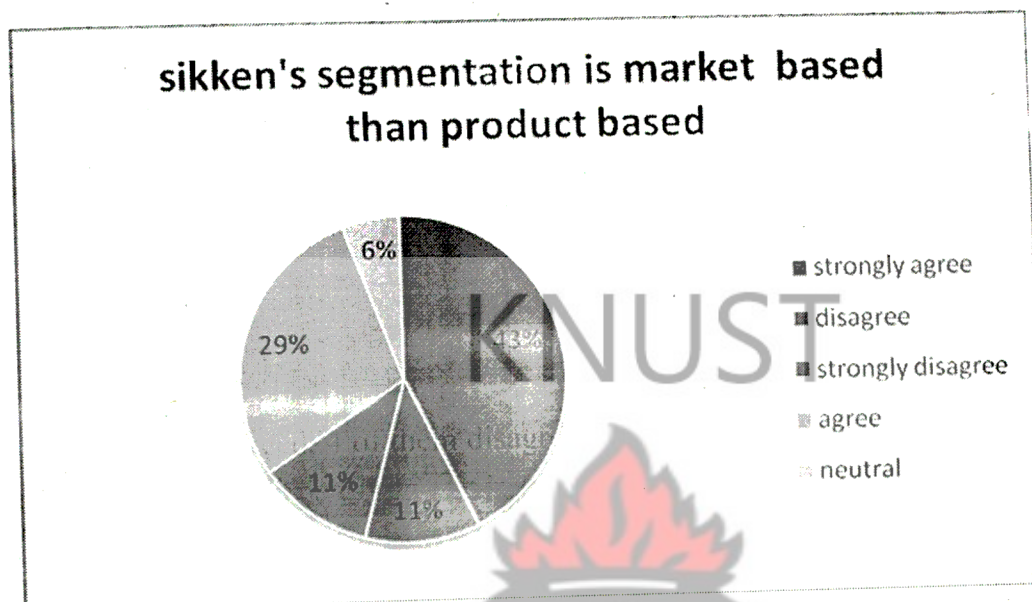
Response to Statement: Sikken's segmentation is market based not product.

(Source: Questionnaire, 2008)

The figure 1 above indicates 72 per cent of the employee respondents either strongly agree or agree that the company's segmentation approach is more market based not product based. The reverse statement did not produce any change in the presentation above. This therefore means that, the company adopted the criteria for market segmentation.

What criteria are used by Akzo Nobel Sikkens Ghana Limited in segmenting the automobile paint market?

In a bid to find out the criteria which are used, the researcher wanted to know the level of segmentation the company engages in which will determine the company's segmentation

50

criteria. The employee respondents were asked to rank five criteria of the size of the market; measurability; accessibility; growth potential of the market; and the differential responsiveness of the markets. The result is presented and analysed below.

Figure 2

Ranking of Five Criteria of Segmentation

Ranking	Size of market	Measurability	Accessibility	Growth Potential	Differential Responsivene
Ranking	8	18	5	2	2
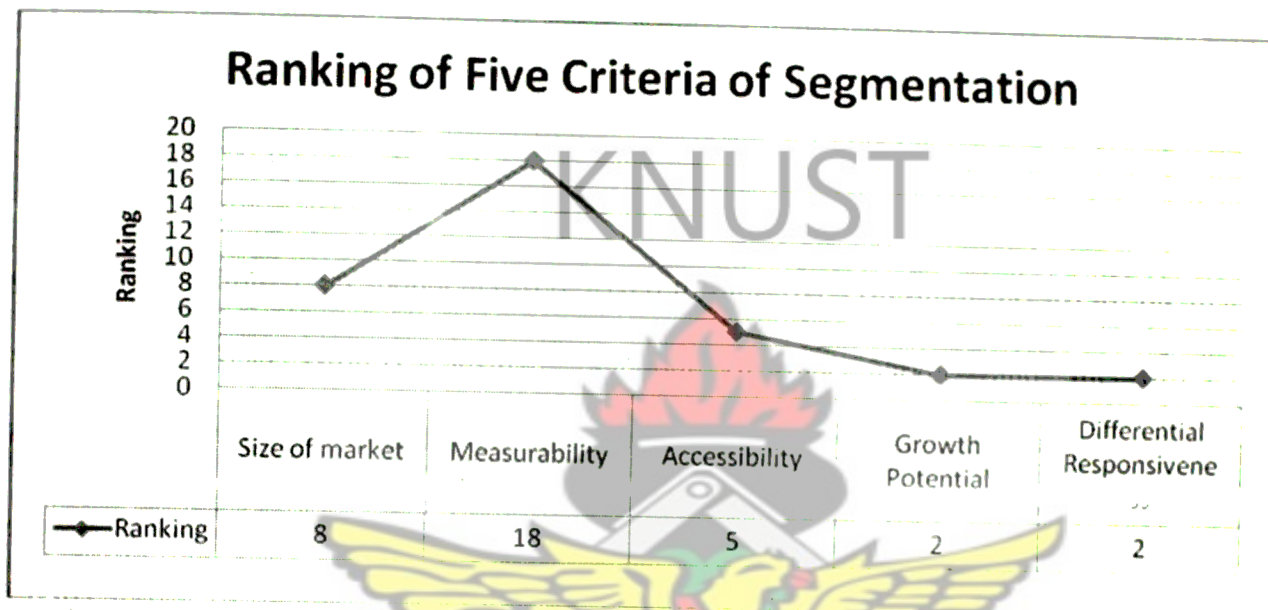
Ranking of five segmentation criteria by employee respondents

Source: Questionnaire, 2008.

As seen from figure 2 above, 18 respondents ranked measurability as the topmost criteria considered in segmenting automobile paint market. This is followed by the size of the market with a ranking of 8, then accessibility 5, growth potential 2, and 2 for differential responsiveness.

In a follow up question as to for how long the ranked criteria was considered, in the company's segmentation, the respondents were asked to ranked the following year groupings 5 – 7 years, 2 – 4 years, below 2 years and 8 years and above. The results as presented below

indicates the measurability criteria was considered more for above 8 years with accessibility considered below 2 years.

Figure 3

Period within which the criteria ranked was used

5% 9% 14% 71%

- below 2 years
- 2-4 years
- 5-7 years
- above 8 yeaars
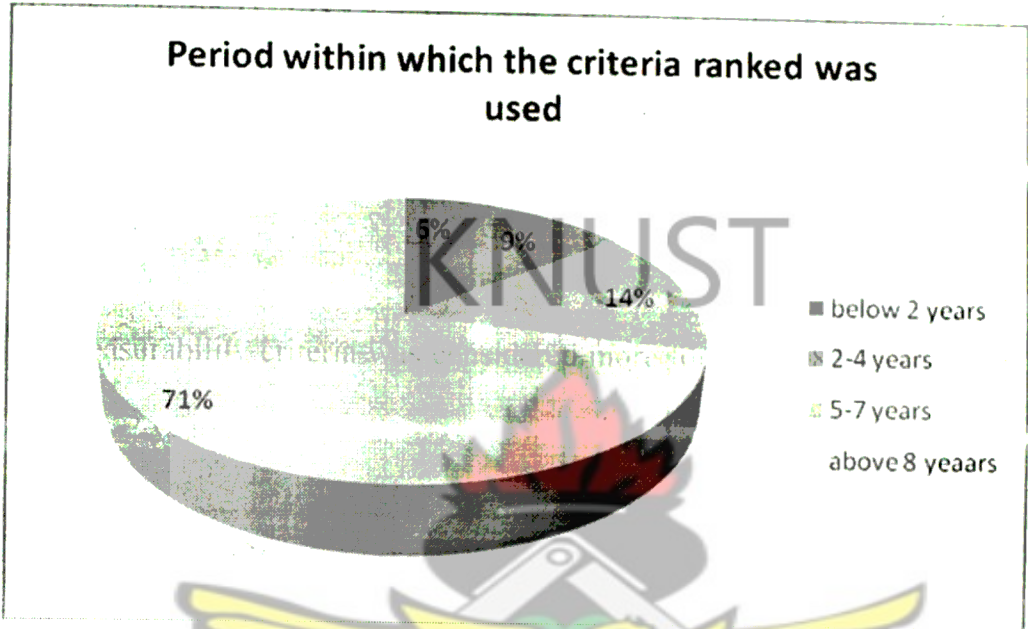
Response to the usage period of ranked criteria

(Source: Questionnaire)

In an interview, a management member MM1 admitted that all the five criteria are considered seriously in the company's segmentation approaches. However, the member singled out measurability as being the most considered criteria with potential for growth and differential responsiveness as the second and third most considered criteria.

This assertion by a management member agrees with the company's own internal report of 2007. In the company's report of 2007, the criteria that have been mostly used are measurability, followed by the size of the market with a differential responsiveness at the

third position. This is however, surprising since it was ranked by the employees as shown in the figure below.

Figure 4
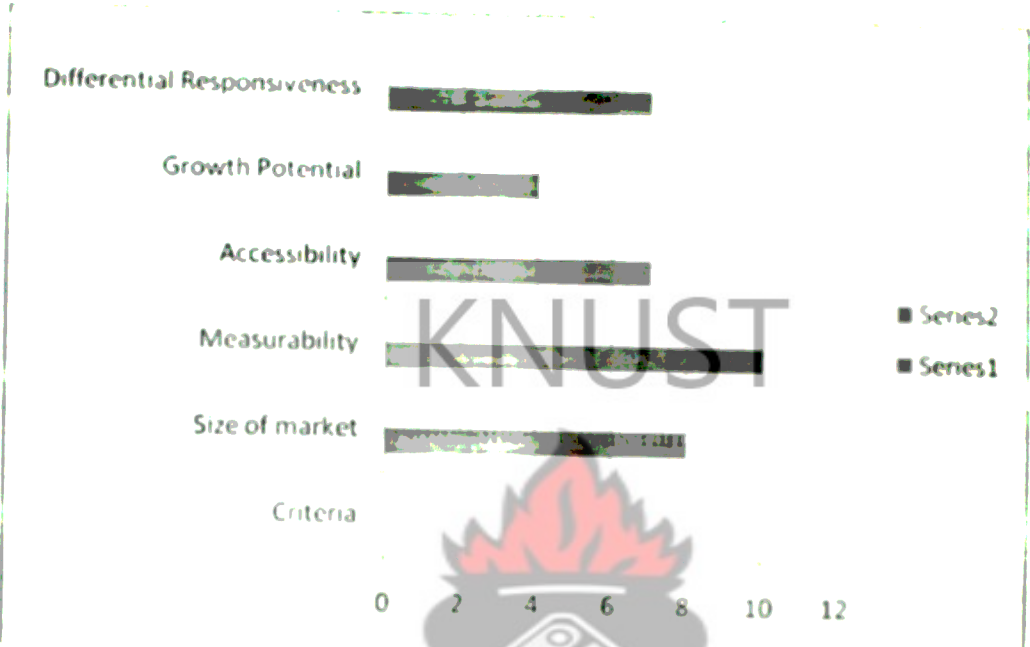
Usage rate of the relevant criteria of segmentation

(Source: Sikkens Internal Sales Report, 2007)

These findings meant that the degree to which the market can be measured was more paramount to Akzo Nobel Company Ltd. The choice of this criteria demands definition of concrete variables. This concern was about how the company could make use of the measurability as a criterion to research on new garages of car body builders and sprayers who are the consumers of its products.

Did the preferences changed as we moved across the periods?

In the bid to cross check the choice of the criteria, the 21 employees who have worked in the company for more than 10 years, and 14 of them have also worked in the company for

less than 10 years. These were the two broad groups who responded back to the questionnaire. Figure 5 indicates the rankings of the five factors as we tried to differentiate between the 2 groups. Measurability and the size of the market still occupied the top two spots. As can be seen, the difference between the respondents who have worked above ten years or below is not that wide.

Figure 5

Ranking of the five criteria for segmentation by sub-groups

	Size of market	Growth potential	Measurability	Differential responsiveness	Accessibility
Above 10 Years	6	2	8	3	2
Below 10 Years	3	1	6	2	2
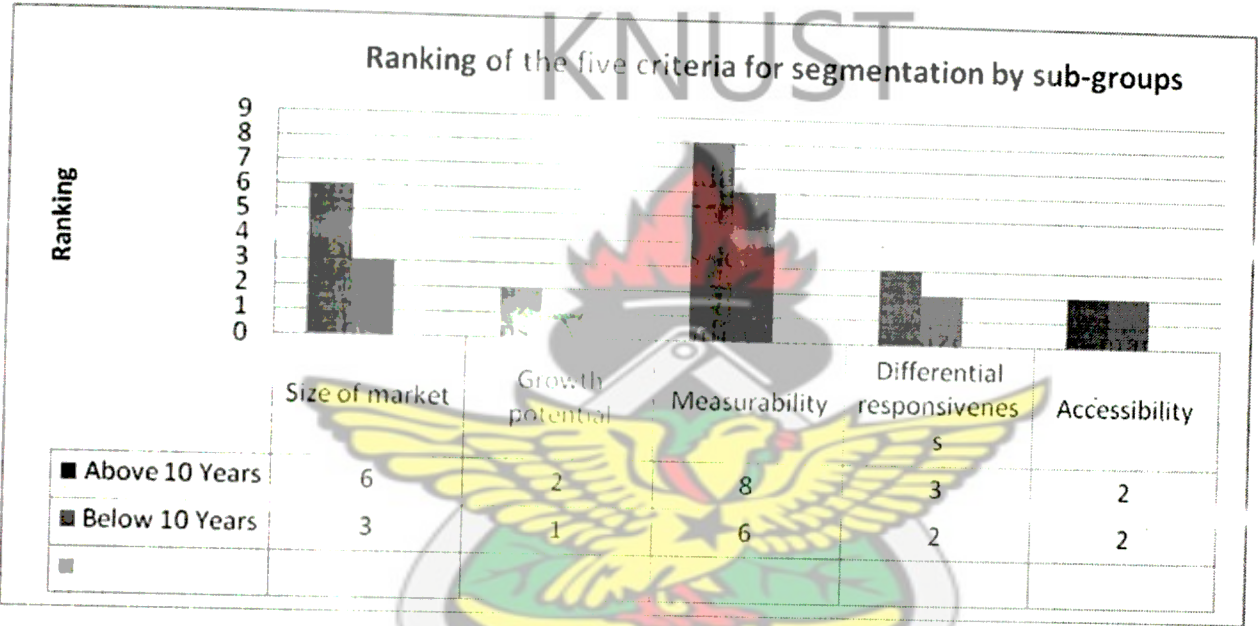
Sub-groups ranking of the five criteria from most important to least important
(Source: Questionnaire, 2008)

What variables are important in segmenting Ghanaian automobile paint market?

In the interview with MM-5, it became clearer that besides the criteria adopted, there are specific factors that are used in segmenting the markets. This management member agreed

with Kotler, 2006. When she said "Here at Akzo Nobel Sikkens, we first, test for the usefulness of four factors that is, Geographic, Behavioural, Psychographic and Demographic factors".

The question on what factors are often used in segmenting the automobile market besides the main criteria. The raking of the factors is presented as follows. Psychographic did not fare at all recording only 3, with demographic factor being rated as the first with 15 votes as seen below.

Figure 6

Employee respondents' rating of main segmentation variables

	Behavioural	Demographic	Geographic	Psychographic
■ Series1	9	15	8	3
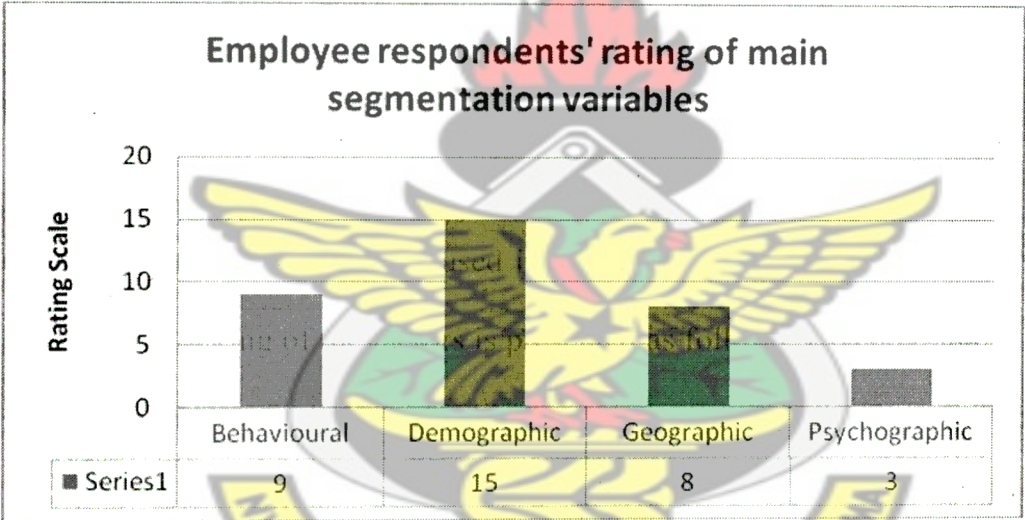
(Source: Questionnaire, 2008)

From figure 6 above, it is absolutely clear that the Demographic factors feature more prominently in the segmentation factors followed by Behavioural and Geographic factors.

In a follow up question in the questionnaire, a respondent who opted for psychographic factor defended the choice by saying, "the lifestyle of the people matters most in terms of

automobile paint usage". This assertion although sound did not cut across the contributions by the other employees.

Figure 7

User respondents' rating of main segmentation variables

(Source: Questionnaire, 2008)
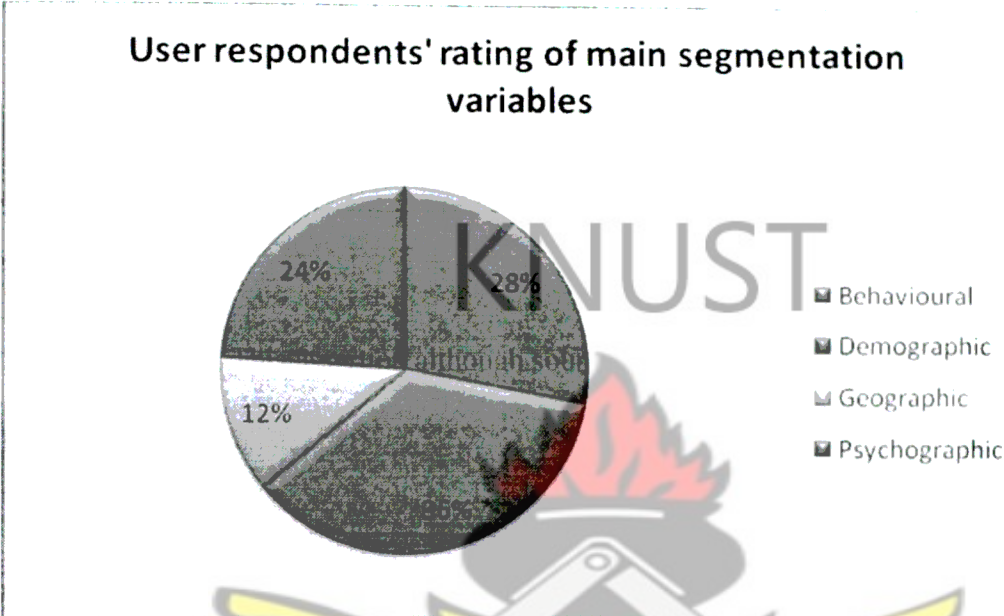
From the user respondents' presentation, they seem to agree with the employee respondents in terms of demographic and behavioural variables as the most important variables. The point of departure however is in the area of psychographics which attracted a 24 per cent point. The issue then is what the users see as being important is downplayed by the company. This might affect the gains expected from sales.

So, what sub-variables are considered under the top two rated factors - demographic and behavioural factors?

The attempt to identify the two top rated variables led the researcher to once again ask the respondent to rate the variables that they perceived to be considered. For this side, the

researcher made use of both the employees and the users or customers. From the employee questionnaire, for the behavioural factor, the following sub-variables were identified. These are usage rate, rated 7; attitude, rated 6; benefits sought, rated 9; income, rated 9 and loyalty status, rated 4. This is represented in the chart below.

Figure 8

Rating of five sub variables

	Usage rate	Loyalty	Benefits sought	Income	Buyer readiness
▪ Series1	7	4	9	9	6

Rating of behavioural sub-variables

(Source: Questionnaire, 2008)
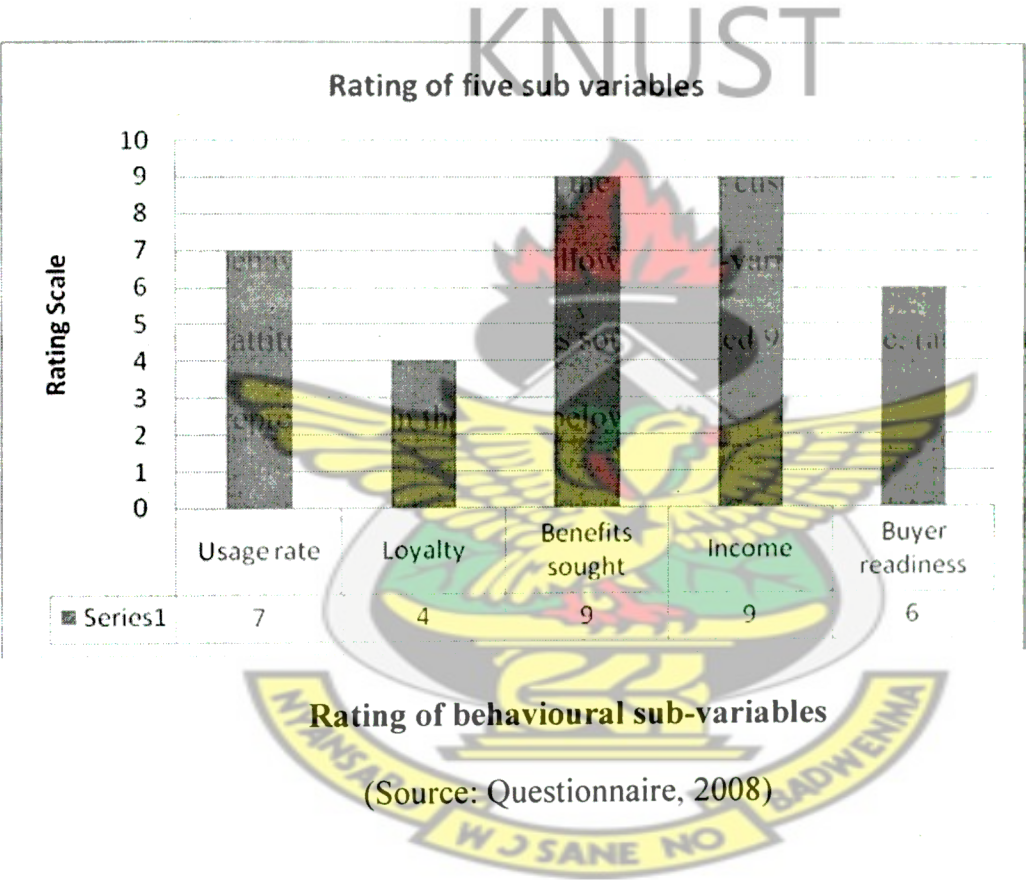
The response from the users did not differ so much to nullify their rating. It shows the behavioural and demographic elements that influences the usage or purchase of the products. They rate their intended benefits as more important than others.

Figure 9

Users respondents' rating of sub-variables based on their importance

- Usage rate
- Loyalty
- Benefits sought
- Income
- Buyer readiness

8% 8% 12% 32% 40%
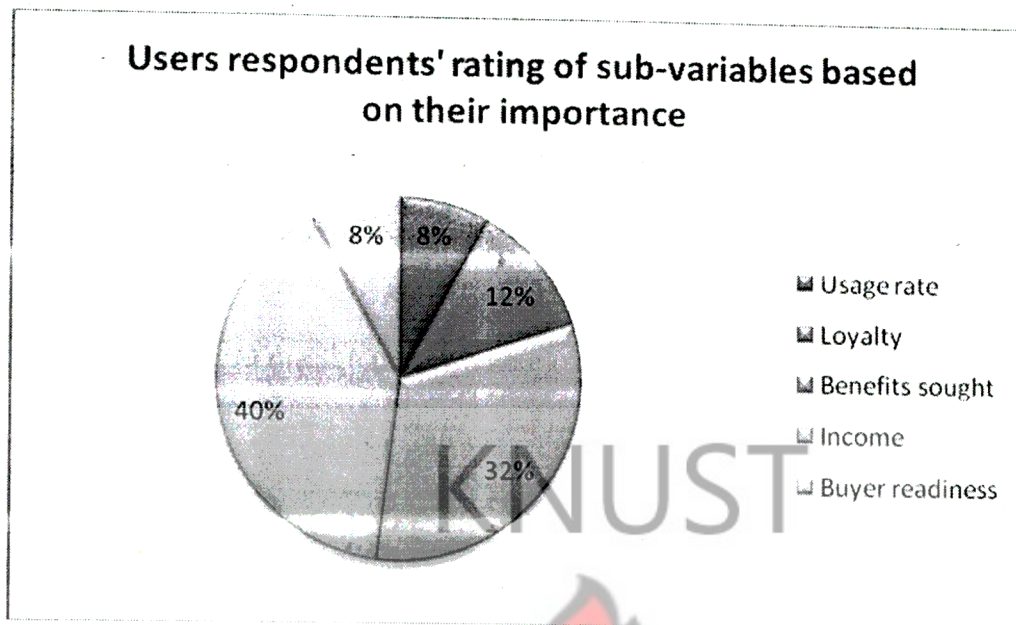
Rating of behavioural sub-variable by user respondents

(Source: Questionnaire, 2008)

On the demographic side, the users consider income as the most important. It bags 15 votes representing 40 per cent, followed by the benefits sought from the paint. This seems to answer why the concentration of Akzo Nobel shops are only at certain points instead of across the national capital – Accra. This rating depicted in figure 9 is as vital to this study as it helped in identifying specific variables that are necessary in segmenting automobile paint market in Ghana. This finding has indeed assisted in determining consumers' opinion on the segmentation sub-variables we are interested in.

How did the segmentation impact the performance of Akzo Nobel Sikkens?

The researcher in a bid to determine the impact of Akzo Nobel's segmentation on the performance of the company, various questions were asked and the secondary data gathered also contributed tremendously.

The researcher tried to find out the performance of the company's products pre-segmentation period which captures the 1997 sales figures, 2002 figures, and the current figure of 2007. In 1997, according to a senior management member interviewed herein referred to as MM-2, he said "in the 1990's although we followed the marketing strategic process, market segmentation was not rigorous and elaborate as it is in our last attempt in 2001 and 2005 because of intense competition". Based on the premise of the above contribution from MM-2, we used the 1997 figures as pre-segmentation era. For this period, the secondary data is presented as follows.

Figure 10

Sales Report of the four quarters of 1997

	1	2	3	4
Autoflex	65	85	90	95
Autobase	60	65	78	70
Autocryl	48	64	80	75

Amount in million cedis
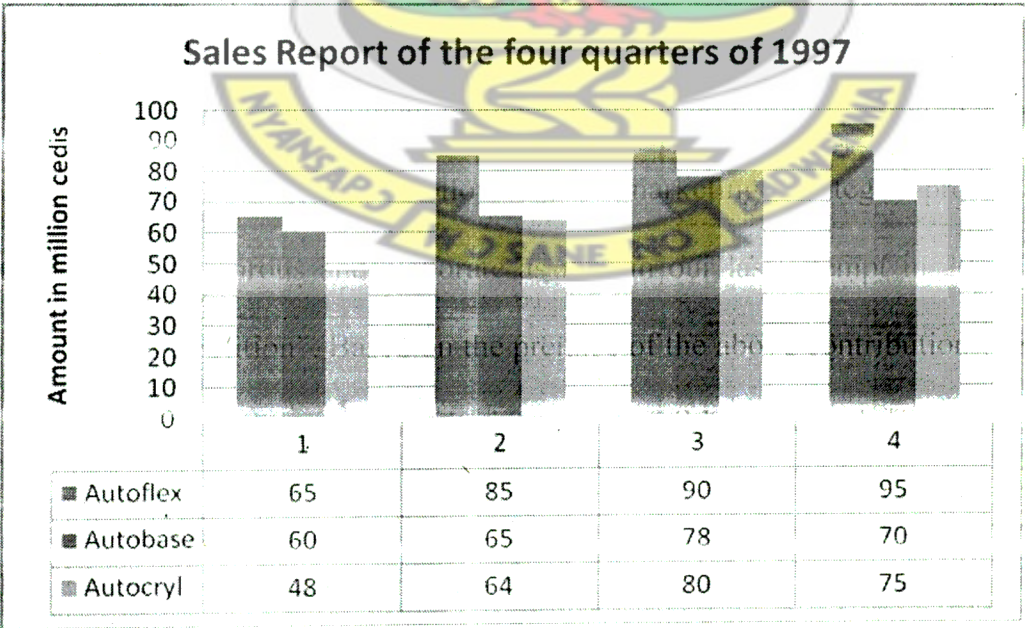
(Source: Internal Sales Report, 1997)

For the pre-segmentation period. the three main products of Sikkens record sales over 50 million and below 100 million old Ghanaian cedis with the exception of the performance of Autocryl paint within the first quarter where it records 48 million cedis for the period.

From figure 10 above, Autoflex has performed very well above the other products hitting as high as 95 million cedis within the period. Of significant was the performance of the Autocryl in the third quarter where despite the indications of being the least performer, recorded a high amount of 80 million cedis.

The 2002 sales report from which we draw references of an impact of segmentation on the automobile paint market is presented as below. The three products have recorded significant increases in the performance rates as shown below.

Figure 11

Sales Record of the four quarters of 2002

	1	2	3	4
Autoflex	65	80	75	90
Autobase	90	95	106	125
Autocryl	60	75	85	105
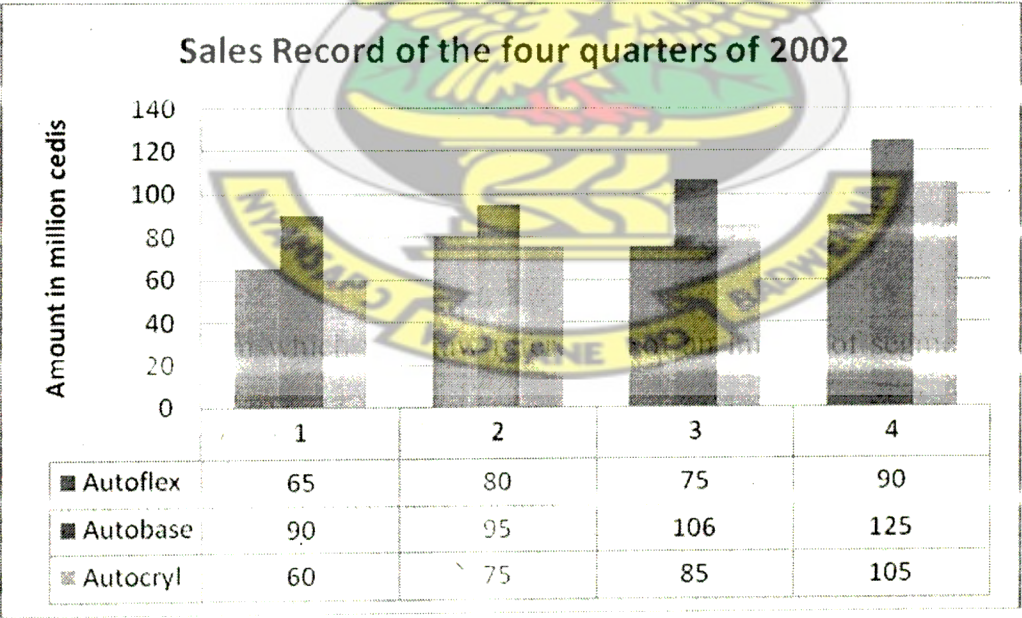
(Source: Internal Sales Report, 2002)

From the figure 11 above sales report, Autobase after elaborate market segmentation in 2002 assumes the cash cow position from the Autoflex which was the prominent product from the 1990's. Also of interest is the magnitude of leap made by the Autocryl product which showed insignificant values in the 1990's. Although, it still seemed to be third in terms of performance but with a great improvement in performance.

The final and the most recent sales report indicates a tremendous rise in the performance of all the products which establish an increase in the turnover of the company's sales performance. It is good to remember the variation in the amount since the 2007 report is recorded in thousands. This should not be deceptive at all. It is purely due to the redenomination of the cedi in 2007. All accounting procedures have undergone this change hence the thousands in this report. The report is presented below.

Figure 12

Sales Records of the four quarters of 2007

	1	2	3	4
Autoflex	128	185	140	195
Autobase	140	220	255	280
Autocryl	114	190	135	160
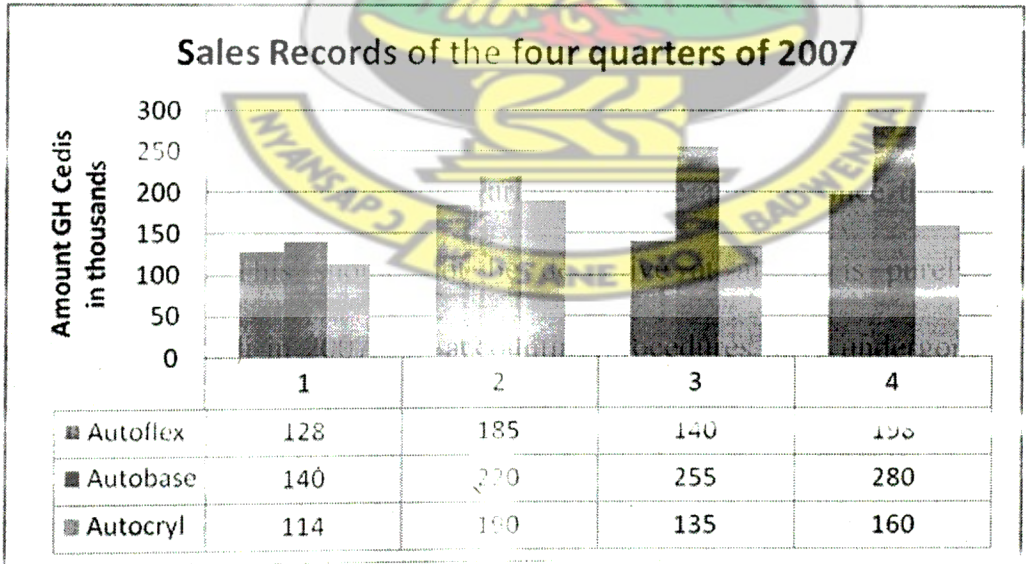
(Source: Internal Sales Report, 2007)

From figure 12, it became clear that for the subsequent quarters the figure are often on the ascendency. For the Autobase product, there has been a hundred (100) per cent increase in the sales turnover in the fourth quarter over the first quarter value. Uncharacteristic of the trend of the company's sales turnover, Autocryl recorded a continuous reduction in its sales value from the third and fourth quarters.

The performance of Autocryl is not shocking since it has been captured by the users as in their assessment of the products. In a response to a question "Which of the products would rate as the best? The result is presented below.

Figure 13

User-respondents rating of the performance of the three products

	Autoflex	Autobase	Autocryl
Series1	8	14	3
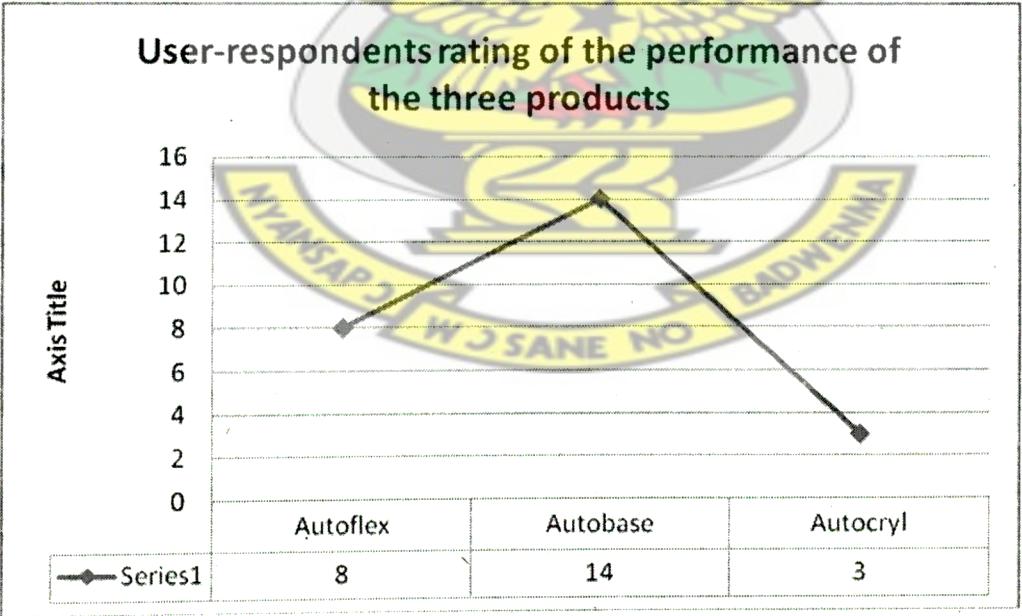
(Source: Questionnaire, 2008)

As seen from figure 13, Autobase paint was selected as the first among the company's three products with Autocryl rated as third. Of the 25 respondents, 14 of them rated Autobase paint, 3 rated Autocryl and 8 gave Autoflex their thumb. From the above presentations, it becomes succinctly clear that a segmentation using the products would favour the rating of the user respondents thereby might affect the sales turnover for the third rated – Autocryl.

Findings from the interviews and open ended questions

What do we understand from the Primary Data?

1. Measurability and the size of the market have been the topmost segmentation criteria which serve as the foundation of Akzo Nobel Sikkens Ltd. These two segmentation criteria are the main features which have been the bedrock of the Sikkens Company.

2. From the segmentation criteria, demographic and behavioural factors were identified as the most important factors relevant to the segmentation of automobile paint market in Ghana.

3. Income and the benefits sought from the product were the most important sub variables that were considered in the segmentation of the market.

4. There are enough grounds to conclude that the segmentation programme of Akzo Nobel Sikkens impact the performance of the company in terms of sales turnover which eventually increases their market to share to about 63 per cent. This can be seen in the two responses below:

'We had increased our sales over the years since we adopted the current segmentation programme. Our performance in the automobile paint market has increased our market share to about 63.5 per cent. "(Source: Interviewee, MM-3).

"Our new marketing team has done well strategically increasing sales through proper identification of profitable segments to station our sales teams which has increased our market share to about 63 per cent. "(Source: Interviewee MM-1)

4.2   DISCUSSIONS

How varied are motivational factors of SIKKEN's employees based on gender and age?

Looking back at data presented on the criteria which most often was gathered from the employee respondents shows the results of 35 of them and 25 of users of automobile paint. The researcher has seen that measurability, the size of the market and differential responsiveness take the topmost positions. From this research, we again see demographic, and behavioural variables of segmentation occupy the first and second positions among the main factors.

Further, the segmentation process narrowed down to the actual variables that are considered as an assessment as income and benefits sought from the product. The results showed a significant jump in the sales returns and an increase in market share.

Income was identified in the reviewed literature as one of the basis for segmentation. It was found from the literature that, in general, income tends to increase with age as people obtain better-paying jobs and receive promotions. Automobiles are associated with above average income classes. One missing link in terms of income found in the literature is married couples who often have a higher income because both spouses are working. However, that does not always predict the best customer for a given product(Kotler and Keller 2006). Many companies target affluent consumers with luxury goods and convenience services like Akzo Nobel Sikkens automobile paints.

Do some sub factors important than others? Are these factors user centred?

The findings did show that not all the criteria mentioned in the reviewed literature are important since it would rather depend on the particular market being segmented. What was interesting is the fact that the reviewed literature and company report alluded to measurability being the topmost criteria. It alludes further that the demographic factors are equally an integral part of the measurability criteria which are loudly echoed by the ever present income of the segment being the most important sub-variable as well as the benefits sought like durability by the users the key sub-variables of automobile paint market segmentation programme.

CHAPTER 5

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.0   SUMMARY

This research was to help uncover the impact of segmentation on the automobile paint industry. Identifying the best criteria used by Akzo Nobel Sikkens and to also find out the most important sub – variables of the segmentation variables that are considered in Ghana.

The work was structured in five chapters, the background of work as done in the first chapter as shown in the literature; there is a strong drive for understanding the segmentation criteria and variables if we are looking at gaining a better perspective on how companies market their produce.

The literature reviewed in chapter two captured the criteria, the factors and the sub variables that are considered in this study. Data was collected from two sources: Primary source which saw the use of self-administered questionnaires and personal interviews. The Secondary source had an Internal Sales Report, 2007 – the company's Survey Report and the secondary contributions from other secondary sources like the reviewed literature were analysed in the fourth part of the research.Summary, recommendation and conclusion completed the entire research.

Some of the major drawbacks of this research are the concentration of the study in Accra only. A focus group of employees from wider demographics would have been a good option. Also all the difficulty in identifying the user groups leading the selection of a few. The survey report

has very high validity as the response rate to some questions was very high. However, the fact that this survey had not broken down the numbers to sub-groups according to various demographics limited in its usability. However, in spite of all these drawbacks, these findings are strong as triangulation shows that these three independent sources converge or at least, do not oppose each other .Decrop (1999); Wilson (2008).

5.1   RECOMMENDATIONS

The findings of this study have several managerial implications. The results of this research will help managers and retail outlets to better understand the practicalities and the various considerations required to achieve effective market segmentation for successful targeting and positioning of the product. The researcher hereby recommends management to pay special attention to the segmentation process since it is very critical to the success of their product positioning or communication strategies.

In this era of frequent changes brought about by the process of globalization, the technocrats responsible for market segmentation would have to be abreast with current trends and amenable to change in order to make good use of the requisite segmentation criteria or variables.

It is also recommended that a product analysis must be carried out in order to reposition the Autoflex paint to regain its initial high performance so also, to increase the Autocryl paint's performance in the Ghanaian automobile paint market, a critical assessment must be done to include targeting and positioning which are beyond the jurisdiction of this study.

It is also recommended that the psychographic factors should be reconsidered because of lifestyles as its sub variable. Lifestyle is captured in the literature reviewed to be an important variable. A lifestyle group is a particular segment defined by the organization that is marketing a product or service. This lifestyle segment is labelled because individuals within it display similar characteristics. Since the automobile paints might be preferred by individuals with similar lifestyle it would have been one of the most important sub variables in addition to income and benefits sought.

Similarly, management should institute flexibility into its Marketing Research activity to enable other important but uncovered segments to be roped in when their potentiality rises. This is important in order to overcome the temptation of repeating the same variables all the time which could make the marketing strategic process a rat race.

5.2   CONCLUSION

The findings of this study agree with what has been found in the reviewed literature. Measurability, as has been agreed is the most important and used criteria in the automobile paint segmentation. It has also been found that in segmenting the automobile paint market, two factors stand out as the bases of segmentation, the behavioural and demographic variables from which incomes and benefits sought are pencilled as the most important sub-variables. These two sub-variables seem to be universally accepted as crucial in segmenting industrial markets.

As pointed out, market segmentation helps in identifying the right target for sales hence an increase in sales/turnover. In Akzo Nobel Sikkens, it appears the workers are not regularly

involved in segmenting the markets leading to some disagreements between the primary data and the internal survey report.

Akzo Nobel's segmentation efforts also did impact the company's profitability through the selection of few segments that serve a broader area, it reduces the expenditure of the firm as against the returns from the higher turnovers recorded.

Akzo Nobel's segmentation programme is dominantly premise on the identification of measurability, size of the market and differential responsiveness as these are the most important segmentation criteria identified to be of great concern to the automobile paint industry.

The study also found that behavioural factor or sub and demographic factor or sub – criteria; sub variables such as benefits sought from a product and income are other identifiable and crucial factors to be considered in any meaningful segmentation plan to achieve higher sales turnover, profitability, market share and growth.
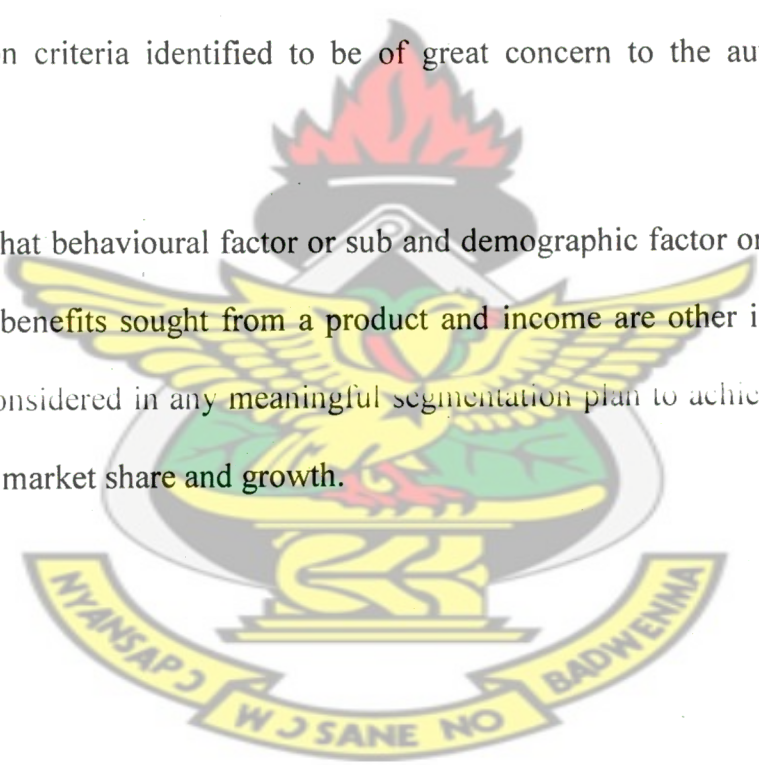
REFERENCES

Assael, H. (1995), Consumer Behavior and Marketing Action, 5th ed., South-Western College Publishing, Cincinnati.

Assael, H. and Roscoe, A.M. Jr (1976), "Approaches to market segmentation analysis", *Journal of Marketing,* Vol. 40, October, pp. 67-76.

Beane, T.P. and Ennis, D.M. (1987), "Market segmentation: a review," European Journal of Marketing, No. 21, pp. 20-42.

Blattberg, R.C., Buesing, T., Peacock, P. and Sen, S. (1978). "Identifying the deal-prone segment." *Journal of Marketing Research*, No. 15, August, pp. 369-77.

Blattberg, R.C. and Sen, S.K. (1976). "Market segments and stochastic brand choice models". *Journal of Marketing Research,* Vol. 13, February, pp. 34-45.

Bonoma, T.V. and Shapiro, B.P. (1983), "Segmenting the Industrial Market", Lexington Books, Lexington MA.

Choffray, J-M. and Lilien, G.L. (1987), "A new approach to industrial market segmentation," Sloan Management Review, Spring, pp. 17-29.

Cierpicki, Steven (1998) "A Comparison of Popular Segmentation Predictor Variables" 27th EMAC Conference (21-24 May), Stockholm School of Economics, Sweden.

Claycamp, Henry J. and William F. Massy (1968), "A Theory of Market Segmentation", Journal of Marketing Research, 5, (November) 388-394.

Croft, M.J. (1994)"Market Segmentation A Step-By-Step Guide to Profitable Business", Routledge.

Danneels, Erwin (1996), "Market Segmentation: Normative Model Versus Business Reality", European Journal of Marketing, 30, (No. 6) 36-51.

Decrop, A. (1999), Triangulation in Qualitative Tourism Research, Tourism Management, vol. 20. no 1, pp158-160.

Dhalla, N.K. and Mahatoo, W.H. (1976), "Expanding the Scope of Segmentation Research", Journal of Marketing, Vol. 40 No. 2, April, pp. 34-41.

Dibb, S. and Simkin, L. (1997)" A Program for Implementing Market Segmentation" Journal of Business & Industrial Marketing, Vol. 12 No. 1, Pp. 51-65

Dibb, S. and Simkin, L. (1996), "The Market Segmentation Workbook", Routledge/ITBP, London.

70

Dickson, Peter R. and James L. Ginter (1987), "Market Segmentation Product Differentiation and Marketing Strategy", Journal of Marketing, 51, (April) 1-10.

Dominguez, L.V. and Page, A.L. (1981), "Social Stratification in Consumer Behaviour Research: a re-examination", Journal of the Academy of Marketing Science, Vol. 9, summer, pp. 257-8.

Dubow, Joel S. (1992), "Occasion-Based vs. User-Based Benefit Segmentation: A Case Study", Journal of Advertising Research, 32, (March/April) 11-18.

Edris, Thabet A. and A. Meidan (1989), "On the Reliability of Psychographic Research: Encouraging Signs for Measurement Accuracy and Methodology in Consumer Research", European Journal of Marketing, 24, (No. 3) 23-41.

Esslemont, Don H.B. and Tania Ward (1989), "The Stability of Segmentation Solutions in a Commercial Survey", New Zealand Journal of Business, 10, 89-95.

Foxall, Gordon (1996) Consumers in Context: The BPM research program. London: Routledge.

Frank, R., Massy, W. and Wind, Y.(1972),"Market Segmentation," Prentice-Hall, Englewood Cliffs, NJ.

Frank, R. (1967), "Is Brand Loyalty a Useful Basis for Market Segmentation", JAR, 7, 27-33.

Garda, R.A. (1981), "Strategic segmentation: how to carve niches for growth in industrial markets," Management Review, August, pp. 15-22.

Green, Paul E. and Abba M. Krieger (1991), "Segmenting Markets With Conjoint Analysis", Journal of Marketing, 55, (October) 20-31.

Gunter, B. and Furnham A. (1992), Consumer Profiles: An Introduction to Psychographics.

Haley, R.I. (1968), "Benefit Segmentation: A Decision-orientated Research Tool", Journal of Marketing, Vol. 32 No. 3, July, pp. 30-5.

Hammermesh, R.G., Anderson, M.J. and Harris, J.E. (1978), "Strategies for low market share businesses," Harvard Business Review, No. 56, May-June. p. 98.

Hansen. (1972)"Backgrounds Segmentation Using Hierarchical Clustering and Q-Factor Analysis". ESOMAR Seminar May.

Haug, M.H. (1973),"Social Class Measurement and Women's Occupational Roles", Social Forces, No. 52, pp. 86-93.

Hoek, Janet, Philip Gendall and Don Esslemont (1993), "Market Segmentation A Search for the Holy Grail?" Asia-Australia Marketing Journal, 1, (1) 41-46.

Hooley, G.J. and Saunders, J. (1993), "Competitive Positioning: The Key to Marketing Strategy", Prentice-Hall, New York, NY.

Jobber, D. (1995)"Principles and Practice of Management" McGraw Hill Book Company Europe.

Journal of Marketing Research, Vol. 5, No. 4. (Nov., 1968), pp. 388-394.

Kalwani, M.U. and Morrison, D.G. (1977), "A Parsimonious Description of the Hendry System," Management Science, No. 23. January, pp. 466-77.

Kassarjian, H.H. and Sheffet, M.J. (1991), "Personality and Consumer Behaviour: An Update", in Kassarjian, H.H. and Robertson, T.S. (Eds), Perspectives in Consumer Behavior, Prentice- Hall, Englewood Cliffs, NJ, pp. 281-303.

Kassarjian, Harold H. and Mary Jane Sheffet (1991) "Personality and Consumer Behavior: An Update", In: *Perspectives in Consumer Behaviour*. Englewood Cliffs, New Jersey: Prentice Hall.

Kotler, P. (1997) Marketing Management: Analysis, Planning, Implementation and Control. New Jersey, USA: Prentice-Hall, Inc.

Kotler, P. (1994), Marketing Management: Analysis, Planning, Implementation, and Control, 8th ed., Prentice-Hall, Englewood Cliffs, NJ.

Kotler, P. (1991), Marketing Management: Analysis, Planning, Implementation and Control, Prentice-Hall, New York, NY. 1991.

Kotler, P. and Armstrong. (1997)"Marketing an Introduction" 4th edition, Prentice Hall International.

Kotler, P. Armstrong, G. Saunders, J and Wong, V. (2002) Principles of Marketing 3 European edition, Prentice-Hall.

Kotler, P. and Keller K.L (2006)"Marketing Management 12th edition. New Jersey, USA: Prentice-Hall, Inc.

Loudon, D. and Della Bitta. A.J. (1993), Consumer Behaviour: Concepts and Applications. 4th ed.. McGraw-Hill, New York, NY. Ch. 5.

McDonald, M. and Dunbar, I. (1995) "Market Segmentation", Macmillan Press.

Meadows, M. and Dibb. S. (1997) "Assessing the Implementation of Market Segmentation in Retail Financial Services" International Journal of Service Industry Management, Vol. 9 No. 3, 1998, pp. 266-285.

Mullen, L. and Johnson's. (1990),"In Retail Marketing" P. J. McGoldrick, edition. McGraw Hill Book Company Europe.

Nickels W.G, McHugh J. (1999)''Understanding Business''5ᵗʰ Ed.p398.

Paul, P.J, Jerry, C.O (1999),''Consumer Behaviour and Marketing Strategy'' 5ᵗʰ Ed.p355.

Pickton, D. and Broderick, A. (2005)''Integrated Marketing Communication'' 2ⁿᵈ edition, Prentice Hall, Inc.

Plummer, J.T. (1974), "The Concept and Application of Life Style Segmentation", Journal of Marketing, Vol. 38 No. 1, January, pp. 33-7.

Powers, T.L. (1991), "Modern Business Marketing: A Strategic Planning Approach to Business and Industrial Markets", West Publishing, St Paul, MN.

Rudelius, William, John R. Walton and James C. Cross (1987) "Improving the Managerial Relevance of Market Segmentation Studies", In: Houston (ed. *Review of Marketing*. Chicago: American Marketing Association.

Saunders, J.A. (1980), "Cluster analysis for market segmentation," *European Journal of Marketing*, No. 14, pp. 422-35.

Shoebridge, Neil (1997), "Generation Gap Proves Illusory", Business Review Weekly, (September 22) 69-72.

Smith, Wendell R. (1956), "Product Differentiation and Market Segmentation as Alternative Marketing Strategies", Journal of Marketing, (July) 3-8.

Storbacka, Kaj (1997), "Segmentation Based on Customer Profitability - Retrospective Analysis of Retail Bank Customer Bases", Journal of Marketing Management, 13, (No. 5, July) 479-492.

Van Raaij, W. Fred and Theo M.M. Verhallen (1994), "Domain-Specific Market Segmentation", European Journal of Marketing, 28, (No.10) 49-66.

Webster, F. (2003), Industrial Marketing Strategy. Sidney: John Wiley& Sons

Wilson, L. (2008). Marketing-an Overview, Harmshire: Palgrave Macmillan.

Wind, Y (1978), "Issues and Advances in Segmentation Research", Journal of Marketing Research, 15, (August) 317-337.

Wind, Y. and Cardoso, R. (2004), Segmenting Industrial Markets. New York: Lexington.

Wright, Malcolm (1996), "The Dubious Assumptions of Segmentation and Targeting", Management Decision, 34, (No. 1) 18-24.

Young, S., Ott, L. and Feigin, B. (1978), "Some Practical Considerations in Market Segmentation", Journal of Marketing Research, Vol. 15 No. 3, August, pp. 405-12.

Zaltman, G. and Wallendorf, M. (1979), Consumer Behaviour: Basic Findings and Measurement Applications, J. Wiley & Sons, New York, NY, pp. 86-7.

APPENDIX 1
QUESTIONNAIRE FOR EMPLOYEES

I am an MBA student of the KNUST School of Business, Kumasi, researching into automobile paint industry for which your establishment is a case study. I would like to assure you that this project is purely for academic purposes.

I would be grateful if you could take some few minutes to answer the following interview questions. Your response would be aggregated with others and treated with utmost confidentiality.

SECTION A

To help classify answers and to make statistical comparisons, I would appreciate some personal information about you.

Please choose by ticking the appropriate option

1. How long are you working with Sikkens Ghana Ltd?
   ☐ 0-10yrs, ☐ above 10yrs, ☐ below 30yrs. ☐ Others specify................

2. Indicate your employment status:
   ☐ Full time employment   ☐ Part time employment

SECTION B

3. Sikkens segmentation programme is market based not product based
   ☐ Strongly agree ☐ Agree ☐ Strongly Disagree ☐ No. ☐ Disagree.

4. Select any of the following criteria that the company favoured most in its segmentation.
   - Size of market
   - Measurability
   - Accessibility
   - Growth potential
   - Differential responsiveness

5. Indicate by **ticking** the period the company used the criteria you have selected in question 2 above.
   ☐ 5-7 yrs ☐ 2-4 yrs ☐ below 2 yrs ☐ 8 yrs and above

6. Rank the five criteria below according to your years of service
   - Size of market
   - Measurability
   - Accessibility
   - Growth potential
   - Differential responsiveness

7. Which of the following factors is mostly used by Sikkens' in its segmentation programme?
- Behavioural
- Geographic
- Demographic
- Psychographic

8. Kindly, select by **ticking** the most important of these variables relating Sikken's segmentation criteria.
- Usage rate
- Loyalty
- Benefits sought
- Income
- Buyer readiness

9. What will you like to change about your segmentation criteria given the chance?
I would prefer

----

10. What will you suggest as part of your strategy to better the segmentation process to help boost sales?

----

11. Market share wise what have been the topmost segmentation criteria?

----

12. What were the most important sub variables that were considered in the segmentation of the market?---

THANK YOU SO MUCH FOR YOUR TIME

QUESTIONNAIRE FOR USERS/CONSUMERS

I am an MBA student of the KNUST School of business Kumasi. researching into automobile paint industry. This project is purely for academic purposes. I would be grateful if you could take some few minutes to answer the following interview questions. Your response would be aggregated with others and treated with utmost confidentiality.

SECTION A

To help classify answers and to make statistical comparisons, I would appreciate some personal information about you.

Please choose by ticking the appropriate option

1. How long have you been working with Sikkens Ghana Ltd?
   ☐ 0-5yrs, ☐ 5-10yrs, ☐ 10-15yrs. ☐ Others specify...............

2. Indicate your employment status:
   ☐ Sales agent ☐ sprayer ☐ car owner ☐ Others specify....................

3. Indicate your **locality** by ticking the appropriate location
   ☐ Metro ☐ sub-metro ☐ municipality ☐ District

SECTION B

4. Which of these sub variables do you view to be most important for Sikkens to consider in dealing with its customers?
   - Usage rate
   - Loyalty
   - Benefits sought
   - Income
   - Buyer readiness

5. Kindly select by **ticking** which of the paints you think is used/bought frequently
   - Autobase
   - Autoflex
   - autocryl

6. Which of the following segmentation factors do you think Sikkens like using
   - Behavioural
   - Geographic
   - Demographic
   - Psychographic

7. Which of the products would rate as the best?
   - Autobase
   - Autoflex
   - autocryl

8. In not more than 3 lines, explain why you chose the variable in question 4 above.

   ----

9. Give reasons why you used/bought the product in 5 above. State briefly.

   ----

9. Suggest to the company what you will want them do as a user/consumer.

   ----

10. Any other information you will want to add? State clearly.

THANK YOU SO MUCH FOR YOUR TIME