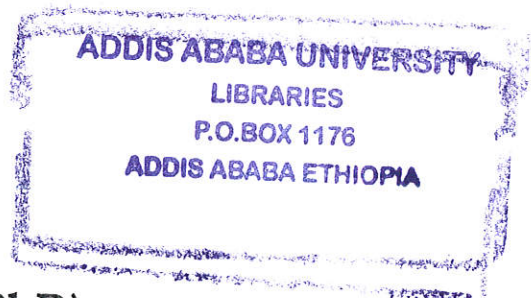


# **Assessment of Market Segmentation Practice in the Private Banking Sector of Ethiopia**

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**A final thesis in partial fulfillment of the Degree of  
Masters in Marketing Management**



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## **Abstract**

*Amid of the recent economical growth, many private local financial institutions are increasingly joining the sector with a high encouragement from the government side as its means of consolidating the market economy. Because of these conducive factor coupled with increased people's awareness of banks importance, many private banks are becoming in to being to use the opportunity in the sector. To design, a winning marketing strategy the marketing manager first decide who it will serve (target market) and then should answer how can we serve these customers best (value proposition). It does this by dividing the market in to segments of customers and selecting which segments it will go after. This is so, because marketing mangers know that they cannot retain their entire customer loyal in a long-term. By trying to serve all customers, they may not serve any customer well. Therefore, this paper is aimed at assessing the market segmentation practices in the private banking sector of Ethiopia and its impact on customer satisfaction. For the successful accomplishment of this paper's objective a survey method of research is used. Thus five private banks are selected and questionnaires were designed for each of banks head quarter marketing managers and further five branch managers are surveyed from each bank to be a total of 25 branches to be covered under the study. From the investigation a large majorities which account for 60% did not segment the market and appeal to all customers. The remaining 20% of them uses language and geography as bases for segmenting the market. And another 20% of them use language, occupation and geography as variables to divide up the market. It would be helpful to segment the market for the banks to satisfy/delight their customers and further using multiple variables should be used in combination to deliver superior-customer-value services.*

# **CHAPTER ONE**

## **Introduction**

In this modern world customers are becoming aware of their unique needs and as a result marketing managers are facing the challenges of satisfying all types of customers with a single offer. In the past companies were paying a little attention to the customer unique needs and wants even the customer was not as such well informed about their exact choice of products. Then this coupled with fewer firms producing in each industry made it possible for only concentrating on producing in mass to hit an economics of scale. However, today customers are becoming more curious and going deep towards themselves before coming up with purchase decisions. Hence no company can easily satisfy all customers with a single product designed for all.

The company must first decide who it will serve. It does this by dividing the market in segments of customers (market segments) and selecting which segments it will go after (target markets). Some people think of marketing management as finding as many customers as possible and increasing demand. But marketing managers know that they cannot serve all customers in every way. By trying to serve all the customers, they may not serve any customer well. Instead the company wants to select only customers that it can serve well and profitably (Philip kottler and Gary Armstrong (2006)).

Markets consist of buyers and buyers differ in one or more ways. They may differ in their wants, resources, locations, buying attitudes and buying practices. Through market segmentation, companies divide large, heterogeneous big markets in smaller segment that can be reached more efficiently and effectively with products and services that match their

unique wants. Segmenting variables changes very fast. Hence to respond to the customers each company needs to know what is happening in the customer's side.

Downfall of the Derg regime followed by market led economic policy that opened opportunities for private companies to engage in serving customers of their interest. Accordingly the private banks started their operation in the country by understanding the potential in the financial sector of the country.

These days, the number of private bank is increasing more than ever. And if it continuous with existing paces in the not far future, the competition will be very intense. Even it will get worse if the foreign banks given the right to operate in the country. The change in the financial sector is very dramatic indeed. It is not only the number of the banks that are increasing rather each of them are expanding themselves by opening branches here and there in their efforts of tapping the huge market potential for financial services.

Another side of the market is the customers that are deemed in showing surprising changes. Few years back the country was experiencing insignificant number of white collar employees and those employees was employed by the government. However, with the coming of privatization policy, many people could get their work from the private companies as well. The number of working women are also showing a great progress that paved the way for the family income to be higher and this create chances of going to banks for saving part of the income. Further, the number of increasing higher education institutions is observed which of course are creating a transfer of money from parents and relatives from different part of the country to the students. Towns are increasing both in numbers and in size as a result of being a center for private

industries. In general the demographic, geographic, political, environment has been revealing fast changes on the business.

The above changes will make customers to be different in one way or the other by opening spaces for the financial serves to be segmented to match the services to varied customers.

### **1.1 Statement of the problem**

In these days of intense price competitions, service marketers often complain about the difficulty of differentiating their services from those of competitors. To the extent that customers view the services of different provider as similar, they care less about the provider than the price. The solution to price competition is to develop a differentiated offer, delivery and image. The offer can include innovative features that set one company's offer apart from competitor's offers. Philip Kotler and Gary Armstrong (2006)

To develop a service mix that is different from the competitor's, segmenting the market will be helpful in directing all the efforts towards satisfying the unique needs of target market. Unless the unique needs and wants of the specific segment are known, it would be very hard to tailor the service mix that fit to various customers at a time.

Therefore effective segmentation is essential to develop a marketing strategy that is aimed at delivering superior services mix that can exactly match to the segments unique needs and wants. Even though market segmentation is the important starting point for designing a superior customer value to the target market, its practice needs a great care. Clearly, there are many ways to divide the total market, but not all segmentation guarantee success. According Philip kotler, to be effective market segments must fulfill the following five elements

**Measurable:** the size and the purchasing power and the profiles of the segments should be measurable

**Accessible:** the market segments can be effectively reached and served easily by the service provider.

**Differentiable:** segments must be distinguishable in their wants and responds differently to different marketing mix elements and programs

**Actionable:** effective program can be designed to attract and serve the segments.

Smart marketer rarely limits segmentation analysis to only one or few variables. Rather it uses multiple segmentation bases in an effort to identify smaller, better-defined target groups. Thus a bank may not only identify a group of wealthy adults but also, within that group even search for several distinguishing variables such as income, assets, saving, risk preferences, housing and life styles. Even further, the changes in segmentation variables such as income, age, motivation, etc should be carefully seen and traced to decide whether to continue or to drop a certain segments.

Recently, the financial sector in Ethiopia in general and the banking sector in particular are experiencing a rapid entry of new firms to the sector to strengthen the loose competition that were experienced in the sector after shift in economic policy towards privatization. Before 2005, there were only five private banks. Currently, including Abay Bank, which recently joined the market, a total of 16 banks are operating in the country out of which 13 are private. In addition, four banks namely Hawassa, Dehub, Enat, and Noh banks are offering shares to the public to join the infant private bank industry of Ethiopia, which was began when Awash International Bank joined the market in 1994.

With such pace, in the coming few years the competition in the sector are going to be very intense .even these time a single bank cannot successfully satisfy all customers in the same manner hence it will be difficult to build long lasting relationship. Therefore to win the competition and to survive in the business effective market segmentation practices plays indispensable roles. Considering the importance of market segmentation as a means for devising all the activities of the marketer towards satisfying and building long-term relationship, I'm tempted to assess how effectively the market segmentation practiced in the private banking sector of Ethiopia.

## **1.2 Objectives of the study**

### **1.2.1 General objectives of the study**

The general objectives of the paper are mainly to assess how effectively the market segmentation practices are dealt with by the private banking sector of Ethiopia and to suggest some improvements concerning the practices of market segmentation.

### **1.2.2 Specific objectives of the study**

The specific objectives are:

- To identify the bases of market segmentation variables used by private banks and to look their appropriateness;
- To assess the general coordination the banks maintains concerning the segmentation practices with their branches;
- To examine how many segment each branches are serving these time;
- To investigate how the banks are responding towards the change in the costumers' side such as increasing number of working women, college and university students, and micro enterprises; and

- Finally, to recommend and suggest some constructive ideas regarding market segmentation practices.

## **1.3 Research Methodology**

### **1.3.1 Research Design**

For the successful accomplishment of this paper objective, descriptive method of research design is used. Therefore descriptive research designs are used to describe the variables that are used by the private banks in segmenting the market and to see how segmentation practices are held. In order to get information from many private banks, survey method is applied to gather data from the private banks

### **1.3.2 Data Sources**

Data are collected from marketing managers of head offices and branch managers. Further, information is gathered from the customers of each bank.

### **1.3.3 Population and Sample Size**

Five banks were surveyed from total of 13 private banks that are currently operating in the country. Accordingly Cooperative bank of Oromia, Oromia international bank, Awash international bank, Wegagon bank, and United bank were covered by the survey. Moreover, five branches are surveyed from the respective banks to be a total of 25 branches. And 8 customers were drawn from each branch to be a total of 200. And a top head office marketing managers are asked from each banks head quarter to be a total of five.

### **1.3.4 Sampling Techniques**

A random sampling technique was used by selecting every fifth customers entering the bank. And convenient sampling is used for drawing samples of branch offices by selecting the branches that are close to Addis Ababa. Purposive sampling techniques were applied for accessing the head office marketing managers of each bank.

### **1.3.5 Data Gathering Tools**

The data for this thesis are gathered using primary data collection techniques. The data were collected through questionnaire by formulating 13 questions containing both close and open-ended to head office marketing managers. And 10 questions were presented for branch managers of the selected banks. Further 8 questions were presented to customers containing open and close-ended type

### **1.3.6 Method of Data Analysis**

The data collected through questionnaire were analyzed using both qualitative and quantitative methods of analysis. Accordingly data were analyzed using descriptive statements, presented by table which includes percentages, bar graphs, and other simplifying techniques.

## **1.4 Scope of the Study**

Due to the problem of accessing many head quarter marketing managers of all private banks the survey was restricted to only five private banks. Further to make the study manageable, the survey confined to banks that are geographically close to Addis Ababa. Thus, Oromia International, cooperative bank of Oromia, Awash, United, and Wegagon banks are included in the research for their being accessible.

### **1.5 Limitation of the study**

While conducting this paper the followings are among the main problems that faced the researcher. Firstly accessing the head office marketing managers were very hard that taken 2 or more appointments to get the questionnaire filled. Secondly most of the branch managers are so busy to respond me on the spot. These added with small budget to the paper made this thesis to be difficult to finish on time.

### **1.6 Significance of the Study**

Since the survey was made with special reference of private banks that expected to do well out on marketing their services to make profit for the shareholder, I anticipate the research result will help the private banks to understand the importance of market segmentation for achieving their ultimate objectives. Moreover, the recommendations will help them to get strong hold of convenient market segment that they can defend and advance in the business even up on the arrival of firmly established foreign banks that may happen as a result of the possible accession to world trade organization. Due to its uniqueness of its kind, it can be used as a starting point for detail and further study to be undertaken on this topic

### **1.7 Organization of the Paper**

This paper is organized in to four chapters. The first chapter contains, introduction, statement of the problem, objectives of the study, research methodology, scope of the study, limitation of the study, and significance of the study. The second chapter contains; the review of related literature that's appropriate for the study. The third chapter contains the discussion and analysis part. Finally, in chapter four an attempt was made to give some conclusions and recommendations.

## **CHAPTER TWO**

### **Review of the Related Literature**

The major topics which are indicated in the literature review are definition of market segmentation, importance of segmentation, conditions for effective segmentation, variables for segmenting the market and segmenting the consumer markets, and related studies in different countries. Further under each topic detailed sub-topics are presented to shed light to the issue of market segmentation

#### **2.1 Overview of markets and target markets**

Different customers within a market have different needs they seek to satisfy. To be fully marketing oriented, a company would have to adapt its offering to meet the needs of each individual. In fact, very few firms can justify aiming to meet the needs of each specific individual; instead, they aim to meet the needs of small sub-groups within the market. These subgroups are referred to as segments. A segment represents a subsection of a market where people share similar needs, to which a company responds with a product offering designed to meet these specific needs. People or firms within a market can be segmented according to various criteria. An example of how a market can be broken down into segments is shown in Figure 1.4, where a three-dimensional criterion for segmenting a market in terms of sex, income level, and environmental awareness results in twenty-seven different segments, only some of which are likely be of interest to an organization. Adrian Palmer & Catherine Cole (1995)

What we are seeing here is that within the same general market there are groups of customers with different needs, buying preferences, or product-use behavior. In some markets these differences are relatively

minor, and the primary benefit sought by consumers can be satisfied with a single marketing mix. In other markets customers are unwilling to make the compromises necessitated by a single marketing mix. As a result, alternative marketing mixes are required to reach the entire market. Whether it is large or small, the group of customers (people or organizations) for whom the seller designs a particular marketing mix is a target market. Philip Kotler & Gary Armstrong (2006)

There are alternative target-market strategies. One alternative is to treat the total market as a single unit-as one mass, aggregate market. This choice is based on the assumption that, despite their differences, everyone in the market can be adequately satisfied with one marketing mix. That is customers are willing to make some compromises in order to enjoy the primary benefit the product offers, so the total market is the firm's target. This is sometimes described as a "*Shotgun*" approach (one program, broad target). (Ibid)

With the other alternative, the total market is viewed as consisting of several smaller segments with differences significant enough that one marketing mix will not satisfy everyone or even a majority of the market. Because the firm typically cannot meet the needs of all these submarkets, one or more are selected as target markets. This strategy employs a "*rifle*" approach (separate programs, pinpointed targets) in marketing activities. (Ibid)

In reality, the notion of an aggregate market is relatively uncommon. Even a commodity such as gasoline is provided at different octane levels, with or without ethanol, and with a variety of other additives. The total market for most types of products is too varied too heterogeneous to be considered a single uniform entity. (Ibid)

## **2.2 Definition of Market segmentation**

The variation in customers' responses to a marketing mix can be traced to differences in buying habits, in ways in which the good or service is used, or in motives for buying. Customer-oriented marketers take these differences into consideration, but they usually cannot afford to tailor-make a different marketing mix for every customer. Consequently, most marketers operate between the extremes of one marketing mix for all and a different one for each customer. To do so involves market segmentation, a process of dividing the total market for a good or service into several smaller groups, such that the members of each group are similar with respect to the factors that influence demand. A major element in a company's success is the ability to segment its market effectively William et al. (1994).

## **2.3 Target marketing**

A target market is the segment toward which a business directs its strategies. The development of segmentation and target marketing reflects the movement away from production orientation toward marketing orientation. When the supply of services is scarce relative to demand, organizations may attempt to minimize production costs by producing one homogeneous product that satisfies the needs of the whole population. Over time, increasing affluence has increased customers' expectations. Affluent customers are not longer satisfied with a basic bank checking account. Instead, they are able to demand one that satisfies an increasingly wide range of need—not just for money transfer, but for security, ease of operation, and status associations. Furthermore, society has become much more fragmented and the "average" consumer has become much more of a myth as incomes, attitudes, and life be segmented on the basis of socioeconomic, geo-

demographic and behavioral factors. Adrian Palmer & Catherine Cole (1995).

## **2.4 Importance of market segmentation**

Market segmentation is customer oriented, and thus it is consistent with the marketing concept. In segmenting, we first identify the needs of customers within a sub market and then decide if it is practical to develop a marketing mix to satisfy those needs. (Ibid)

By tailoring marketing program to individual market segments, management can do a better marketing job and make more efficient use of its marketing resources. A small firm with limited resources might compete very effectively in one or two small market segments, whereas the same firm would be overwhelmed by the competition if it aimed for a major segment. For example, Estee corp. Produces food items for diabetics sugarless cookies, sacks, snacks, Even very large companies with the resources to engage in mass marketing supported by expensive national advertising campaigns are abandoning mass marketing strategies. These companies embrace market segmentation as a more effective strategy to reach the fragments that once constituted a mass, homogeneous market in the U.S. (Ibid)

To design a winning marketing strategy, the marketing manager must answer two important questions: what customers will we serve (what's our target market)? We will discuss these marketing strategy concepts briefly here, and then look and them in more detail in the next chapter. Philip Kotler & Gary Armstrong (2006)

### **2.4.1 For selecting customers to serve**

The company must first decide who it serves. It does this by dividing the market into segments of customers (market segmentation) and selecting

which segments it will go after (target marketing). Some people think of marketing management as finding as many customers as possible and increasing demand. But marketing managers know that they cannot serve all customers in every way. By trying to serve all customers, they may not serve any customers well. Instead, the company wants to select only customer that it can serve well and profitably. For example, Nordstrom stores profitably target affluent professional; family dollar stores profitably target families with more modest means. (Ibid)

Some marketers may even seek fewer customers and reduced demand. For example, many power companies have trouble meeting demand during peak usage periods. In these and other cases of excess demand, companies may practice demarketing to reduce the number of customers or to shift their demand temporarily or permanently. For instance, to reduce demand for space on congested expressways in Washington, D.C., the metropolitan Washington council for of governments has set up a web site encouraging communities to carpool and use mass transit. Thus, marketing must decide which customers they want to target, and on the level, timing, and nature of their demand. Simply put, marketing management is customer management and demand management. (Ibid)

#### **2.4.2 For choosing a value proposition**

The company must also decide how it will serve targeted customers how it will differentiate and position itself in the marketplace. A company's value proposition is the set of benefits or values or promises to deliver to consumers to satisfy their needs. Porsche promises driving performance and excitement: "what a dog feels life when its leash breaks." Tide laundry detergent promises powerful, all-purpose cleaning, whereas Gain "cleans and freshens like sunshine." Such value propositions differentiate one brand from another. Answer the customer's question "why should I buy this brand rather than a competitor's?" companies

must design strong value propositions that give them the greatest advantage in their target markets. Philip Kotler (2004).

### **2.4.3 For Building the right relationship with the right customers**

Companies should management customer equality carefully. They should view customers as assets that need to be managed and maximized. But not all customers, not even all loyal customers are food investments. Surprisingly, some loyal customers can be unprofitable, and some disloyal customers can be profitable. Which customer should the company acquire and retain? “Up to a point, the choice is obvious: keep the consistent big spenders and lose the consistent small spenders,” says one expert. “But what about the erratic big spenders and the consistent small spenders? It’s often unclear whether they should be acquired or retained and at what cost”. (Ibid)

## **2.5 Conditions for effective segmentation**

The goal of segmentation is to divide a market so that each segment responds to a different or unique marketing mix. Three conditions help markets move towards this goal:

- The basis for segmenting – that is, the characteristics used to describe what segments customers fall into must be measurable, and data describing the characteristics must be obtainable. The age of customers is both measurable and obtainable. On the other hand, the “desire for ecologically compatible products” may be a characteristic that is useful in segmenting the market for disposable diapers that are biodegradable. But this characteristic is not easily measured, nor could the data be easily obtained.

- The market segment should be accessible through existing marketing institutions middlemen, advertising media, company sales forces with a minimum of cost and wasted effort. To reduce wasted coverage, some national magazines, such as time and sports illustrated and large metropolitan newspaper publish separate geographical editions. This allows an advertiser to run a magazine ad aimed at, say, a southern segment of the market or a newspaper ad for particular suburbs, without having to pay of exposure in other, non targeted areas.

Each segment should be large enough to be profitable. In concept, management could treat each single customer as a separate segment. Actually, this situation may be normal in business market, as when Boeing markets passenger airplanes to commercial airlines or when Citibank makes a loan to the government of Mexico or Argentina. It also occurs in selected consumer markets such as custom designed homes. But in segmenting most consumer markets, a firm must not develop too broad an array of styles, colors, sizes, and prices, because the production and inventory cost could make it impractical. William et al. (1994)

From a customer-oriented perspective, the ideal method for segmenting a market is on the basis of customers' desired benefits. Certainly, using benefits to segment a market is consistent with the idea that a company should be marketing benefits and not simply the physical characteristics of a product. After all, a carpenter wants a smooth surface (benefit), not sandpaper (the product). Segmenting all markets into two groups- consumer and business is extremely significant from a marketing point of view because the two segments buy differently. Consequently, the composition of a seller's marketing mix products; distribution, pricing and promotion will depend on whether it is directed toward the consumer market or the business market. (Ibid)

## 2.6 Segmenting the consumer market

Dividing the total market into ultimate consumers and business user segments results in segments that are still too broad varied for most products. We need to identify some characteristics within each of these segments that will enable us to divide them further into more specific segments.

As shown in Table below, the consumer market may be divided into further segments using the following characteristics.

- Geography
- Psychographic
- Demographic
- Buying behavior

In using these characteristics as bases for segmenting consumer markets, we should bear in mind several points.

First, buying behavior is rarely traceable to only one characteristic. Therefore, useful segmentation is developed by including several characteristics. To illustrate, the market for a product rarely consists of all people living in Atlantic Coast states or all people over 65. Instead, the segment is more likely best described by a combination of characteristics. Thus a market segment for a financial service might be families living on the Atlantic Coast, having young children, and earning above a certain income. As another example, one clothing manufacture's target market might be affluent young women (income, age, and gender). On the other hand, choosing segmentation characteristics should be done very carefully, since using too many will result in the identified

**Table: 1 segmentation bases for consumer markets**

<b>Segmentation basis</b>	<b>Typical market segments</b>
Geographic: region city or MSA size	New England, Middle Atlantic, and other census regions under 25,000; 25,001 - 100,000; 100,001-500,000; 500,001-1,000,000; etc
Urban-rural	Urban; suburban, rural
Climate	Hot, cold, sunny, rainy-cloudy
Demographic income	Under \$10,000; \$10,000-\$25,000; \$25,001-\$35,000; \$35,001-\$50,000; over \$50,000
Age	Under 6, 6-12, 13-19, 20-34, 35-49, 50-64, 65 and over
Gender	Male, female
Family life cycle	Young, single; young, married, no children; etc.
Social class	Upper class, upper middle, lower middle, upper lower, etc.
Education	Grade schools only, high school graduate, college graduate
Occupation	Professional, manager, clerical, craftsman, sales, student, homemaker, unemployed
Religion	Protestant, catholic, Jewish, other
Ethnic background	African, Asian, European, Hispanic, Middle Eastern, etc.
Psychological: personality	Ambitious, self-confident, aggressive, introverted, extroverted, sociable etc.
Life-style	Conservative, liberal, health and fitness oriented, adventuresome
Psychographic	VALS, VALS2, LOV
Behavioral: benefits desired	Examples vary widely depending on product: appliance- cost, quality, operating life; toothpaste- no cavities, plaque control bright teeth, good taste, low price
Usage rate	Nonuser, light user, heavy user

Segments being smaller than necessary. The first characteristic you choose should be the one that provides the clearest and most distinctive division of the market. Others should follow in the order of how well they discriminate among the segments

Secondary, you should be aware of the interrelationships among these characteristic. For instance, age and income typically are related. And income depends to some degree on education and occupation. For a particular product, the segments resulting from divisions according to income, education, and occupation may be very similar. When this

occurs, only the attribute for which the data are easiest to gather needs to be used.

And third, there are no rules for the number and range of categories used for most characteristics. For example, in table 5.1, the first age category spans 6 years, two categories include 7 years, three cover 15 years, and one is open ended. Depending on the situation, it might be appropriate to use fewer or to have each category the same size. Determining the category structure that provides the best segment descriptions often requires considerable trial and error experimentation. Philip Kotler & Gary Armstrong (2006)

### **2.6.1 Geographic segmentation**

Subdividing markets into segments based on geographic distribution the regions, countries, cities, and towns where people live and work is widely used. The reason for this is simply that consumers' wants and product usage often are related to one or more of these subcategories. Geographic characteristics are also measurable and accessible two of the conditions for effective segmentation. Let's consider how the geographic distribution of population may serve as a basis for segmentation. William et al. (1994)

**Regional population distribution.** Many firms market their products in a limited number of geographic regions, or they may market nationally but prepare a separate marketing mix for each region. Supermarket chains such as Alpha Beta and Winn Dixie concentrate their marketing efforts in specific geographic regions. Even supermarket giants such as Kroger and Safeway are unknown in some parts of the country. Campbell Soup Company has altered some of its soup and bean recipes to suit regional tastes, and General Foods uses different methods to promote Maxwell House coffee in different regions. (Ibid)

The regional distribution of population is important to marketers because people within a given region generally tend to share the same values, attitudes, and style preferences. However, significant differences do exist among regions because of differences in climate, social customs, and other factors. Thus bright, warm colors are proffered in Florida and the Southwest, while grays and cooler colors predominate in New England and Midwest. Marketing executives should understand current patterns and projected trends in regional population. Philip Kotler (2004).

### **2.6.2 Demographic segmentation**

According to Philip Kotler (2004), the most common basis for segmenting consumer market is by demographics, the vital statistics that describe a population. Popular demographic characteristics include age, gender, family life-cycle stage, income distribution, education, occupation, and ethnic origin.

#### **2.6.2.1 Age**

Because our wants change as we go through life, population distribution by age is a useful basis for segmenting the market for many products. However, marketing executive need to be aware of how the population is changing with respect to ages.

The youth market age 12 and under affects expenditures in three ways. First, these children influence purchases made by their parents. A recent study estimates that children have an effect on about \$132 billion in parental purchases a year. Second, billions of dollars are spent on these groups by their parents and grandparents. Third, these children themselves buy goods and services for their own personal use.

Promotional programs are often geared to this market segment, but the media mix is changing. The share of children watching Saturday morning TV shows has dipped 15 percent since 1986. To offset this decline, advertisers are moving to other media. For example, the number of special-interest magazines for young people is increasing, making magazines a more popular place to advertise. Already on the market are children's versions of sports illustrated and filed and stream. A new magazine, sparks, for ages 6 to 11, contains writing and art projects along with ads for Crayola crayons, Pentel pens, and Fruit Stripe gum. The fact that 80 new magazines for children have been introduced since 1986 is a reflection of this trend.

Once way to reach this market is through is school. For example, over 1.4 million copies of scholastic magazine are distributed in schools each year. So Discover Card developed a supplement to accompany regular issues of the magazine with articles on banking and personal finances. Another approach suggests how attractive advertisers feel this market is. Channel One, a news program that includes commercials, is broadcast to 10,000 high school across the U.S. the daily 12 minute television program includes just 2 minutes of advertising. In the 1990s the early middle-age population segment-age 35 to 50-will be an especially larger and lucrative market.

These people are products of the post. World War II baby boomers and many were the social rebels of the late 1960s and early 1970s. Now, as they move toward middle age n the 1990s, they are entering their highest earning years. Typically their personal situations, values, and life-styles are far different from those found among people of the same age in previous generations. For example, 25 percent of people aged 35-44 are single today, compared to 12 percent in 1960, manufactures are adjusting to these changing demographics. Minnetonka, Colgate, Crest,

and other toothpaste makers that had stressed cavity prevention to these people 20 years ago now are producing toothpastes to fight plaque-an adult dental problem.

The other group consists of people over 65 a segment that growing both in absolute numbers and as a percentage of the total population. This group's average household (\$17,000) is only about half as much the average for all U.S. households. However, because they have fewer financial obligations, their per capita discretionary purchasing power of \$5,633 is more than any other group. Manufactures and retailer alike are beginning to recognize that people in this age group are logical prospects for small housing units, cruises and foreign tours, health products, cosmetics developed especially for older people, and toys (for the grandchildren).

#### **2.6.2.2 Gender**

Market segmentation by gender has been an obvious choice for product such as clothing. Shoes, and personal care items, and a less evident basis for other items such as autos and magazines. In recent years, however, there have been some interesting variations on traditional gender-based segmentation. In clothing, for example, several traditionally male products have been redesigned and repositioned for the female segment of the market. Jockey markets a line of Jockey Underwear for Her, and Calvin Klein designs a line of men's-style boxer shorts for women. Financial services firms traditionally identified men as their target market. Today VISA and the American express Company urge women to get credit cards in their own names, while Merrill Lynch and other investment firms aim promotional campaigns at the female market

The number of women (married or single) working outside the home has increased dramatically. About three-fourths of women in their twenties

and about one-half of women with children under 6 years old are working outside the home. These facts are significant to marketers. The life-style and buying behavior of women in the outside labor force are quite different from those of homemakers.

### **2.6.2.3 Family life cycle**

Frequently, the main factor accounting for differences in consumption patterns between two people of the same age and gender are that they are in different life-cycle stages. Researchers have identified nine distinct life cycle stages.

- Bachelor stage: young single people.
- Young married: couples with no children
- Full nest I: young married couples with children.
- Divorced and alone: divorced without dependent children.
- Middle aged married: middle-aged married couples without children.
- Full nest II: middle-aged married couples with dependent children.
- Empty nest: older married couples with no children living with them.
- Older single: single people still working or retired.

Family life-cycle stage is a major determinant of buyer behavior, and thus can be a useful basis for segmenting consumer markets. Club A young couple with two children (the full-nest stage) has needs that are quite different from the needs of a couple in their mid-fifties whose children no longer live at home (the empty-nest stage). A single-parent family (divorced, widowed, or never married) with dependent children faces social and economic problems quite different from those of two-parent family. Young married couples with no children typically devote

large shares of their income to clothing, autos, and recreation. When children start arriving, expenditure patterns shift as many young families buy and furnish a home .Families with teenagers find larger portions of the budget going for food, clothing, and educational needs. William et al. (1994).

#### **2.6.2.4 Income**

People alone do not make a market; they must have money to spend. Consequently, income distribution is one of the most commonly used bases for segmenting consumer markets. Marketers should analyze the spending patterns of people at different income levels. (Ibid)

#### **2.6.3 Psychological segmentation**

Demographic data are used to segment markets because these data are related to behavior and because they are relatively easy to gather. However, demographics are not in themselves the causes of behavior. Consumers don't buy windsurfing equipment because they are young. They buy it because they enjoy active, outdoor life-styles, and it so happens that such people are also typically younger. Thus, demographics often correlate with behavior, but they do not explain it. Philip Kotler & Gary Armstrong (2006).

Marketers have gone beyond demographics attributes in an effort to better understand why consumers behavior as they now engage in psychological segmentation, which involves examining attributes such as personality and life-styles. When demographics and psychological attributes are combined, richer descriptions of segments are produced. (Ibid).

## CHAPTER THREE

### Discussions and Analysis

In this section, analysis of the sampled data and interpretation of related variables are made. The analyses are made by evaluating the responses of the subjects under the study against the marketing sciences and against the customers' point of view.

#### 3.1 Demographic profile of head office M. managers

To provide a better insight into the respondents from the head office marketing managers' demographic profile including age, education, experience in the sector, income and gender were analyzed.

**Table 2: Demographic profile of head office marketing managers**

Age	<30		31-40		41-50		51-60		60>		Total	
Frequency	No	%	No	%	No	%	No	%	No	%	No	%
	0	0%	2	40%	2	40	1	20%	0	0%	5	100%
Education	High school		Diploma		BA		MA		Above MA		Total	
Frequency	0	0%	0	0	4	80%	1	20%	0		5	100%
Experience	< a year		2 years		3-5 years		6-8 years		Above 9 years		Total	
Frequency	0	0%	0	0%	2	40%	2	40%	1	40%	5	100%
Income	<1800		1801-2600		2601-3400		3401-4200		>4201		Total	
Frequency	0	0	0	0	0	0	2	40%	3	60%	5	100%
Gender	Male				Female				Total			
Frequency	No		%		No		%		No		%	
	4		80%		1		20%		5		100%	

The age composition of respondents was for age 31-40; 40%, for age range 41-50 years old 60%. As for the level of education the highest level was BA degree accounting for 80% and followed by masters degree which is 20%. With regard to working experience in the sector was in the range of 3-5 years and 5-8 years account 40% respectively, and 20% of them was above 9 years in their experience in the sector. Income ranging from 3401 – up to 4200 was paid for 40% of them while 60% of the respondents are earning more than 420 1 birr per a month. The gender composition of head quarter marketing management position was dominated by the male which account for 80% and the remaining 20% which of course quite the minority was held by the female.

### 3.2 Demographic Profile Of Branch Managers

With the interest of shading some light in to the branch mangers demographic profile age, education, experience, income and gender were analyzed.

**Table 3: Demographic Profile Of Branch Managers**

<b>Age</b>	<b>&lt;30</b>		<b>31-40</b>		<b>41-50</b>		<b>51-55</b>		<b>55&gt;</b>		<b>Total</b>	
<b>Frequency</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
	0		7	28%	9	36%	6	24%	3	12%	25	100%
<b>Education</b>	<b>High school</b>		<b>Diploma</b>		<b>BA</b>		<b>MA</b>		<b>Above MA</b>		<b>Total</b>	
<b>Frequency</b>	0	0	0	0	23	92%	2	8%	0		25	100%
<b>Experience</b>	<b>&lt; a year</b>		<b>2 years</b>		<b>3-5 years</b>		<b>5-8 years</b>		<b>Above 9 years</b>		<b>Total</b>	
<b>Frequency</b>	0	0			13	52%	8	32%	4	16%	25	100%
<b>Income</b>	<b>&lt;1800</b>		<b>1801-2600</b>		<b>2601-3400</b>		<b>3401-4200</b>		<b>Above 4201</b>		<b>Total</b>	
<b>Frequency</b>							5	20%	20	80%	25	100%
<b>Gender</b>	<b>Male</b>				<b>Female</b>				<b>Total</b>			
<b>Frequency</b>	<b>No</b>		<b>%</b>		<b>No</b>		<b>%</b>		<b>No</b>		<b>%</b>	
	25		100%		0		0		25		100%	

Accordingly the age composition of the branch managers was for age 31-40; 28%, for age ranging 41-50 & 51-55 were 36% & 24% respectively, 12% of them are found to be more than 55 years old, this is probably due to the fact that some experienced persons retired from governmental banks at the age of 55 and would have joined the private banks for their indispensable experiences. With regard to education, 90% which are quite the majorities were found to be BA degree holder and the remaining 8% were masters degree holder. As for the work experience in the sector, the highest was 52% in years between 3-5 and 32% were between 6-8 years, while the remaining 16% were above 9 years in their experiences. With regard to income, 20% which are quite the minorities earn the salary ranging 3401-4200 birr per a month, while 80% of them earn above 4200 per a month. Regarding the gender composition, surprisingly all of the respondents at branch manager position were found to be male.

### **3.3 Practice of Market Segmentation and Variables Used**

As it is described by several marketing authors, knowing the company's target customers, business share, and the respective years of operation in each segmented market helps the management in making decisions to put strong resources into its more profitable segments and phase down or drop its weaker ones.

In addition, using multiple segmentation variables helps the marketing firm in its effort to identify smaller or larger, better-defined market segments for effective and efficient targeting. Thus, a bank may not only identify a group of wealthy retired adults but also, within that group, distinguish several segments based on their current income, assets, savings and risk preferences, housing, and life style to appeal more uniquely through developing a unique services mix that can satisfy the segments unique needs and wants.

### **3.3.1 The Variables used for Segmentation and their appropriateness**

With the interest of checking the variables used and the appropriateness of serving the segments, the Head quarters marketing managers and branch managers were presented with the questions to name their segments and to mention the business share, starting year, bases used for segmenting, unique service mix and the positioning strategy used. Accordingly, 3(60%) and 15(60%) of respondents from head quarter marketing manager and branch manager respectively indicated that as they have no segmented markets and the related detailed information regarding market segmentations.

While 1(20%) and 5(20%) of respondents from head quarter marketing manager and branch manager respectively could mentioned their segments as they are serving all customer with special emphasis given to farmers cooperative unions and oromic speaking customers. However these respondents are found for not knowing their business share from each segments and the positioning used for each segment. Further the starting year of each segments were shown to be just as of the bank inaugurations and they revealed that, as they does not have a unique offer to those target markets. The subjects mentioned that as language was the only variable that are used to get (form) oromic speaking customers and geography, occupation and business type were used as a variables to get segment of the farmers cooperative unions as a target market.

The remaining 1(20%) and 5(20%) of the respondents from marketing head quarter and branch managers respectively described their segment as oromic speaking customers are as their main target while serving all types of customers wanting their services regardless the customers nature. But regarding the unique service mix, business share and

positioning strategy, the respondents revealed that as they does not know their business share from the segments and are found for not having unique offers to the target markets and positioning strategy to the target markets. And the starting year of the segments was mentioned to be as of the inauguration of the bank's operation in 2008.

This indicates that, more than half of the private banks which account for 60% of the surveyed are not practicing market segmentation at all and thus appeal to all customers in the same way which make difficult for building loyal customers. Also all of them could not mention their business share and the related starting years which of course would have helped them to decide on dropping, or investing more as per the abilities of the segments profit generation. In addition, none of them designed a positioning strategy that could help them to convey their respective image in the minds of the customers in the banking industry relative to their competitors. Further those who are attempting the segmentation by giving special emphasis while serving all customers points as they are not will-powered and committed them selves to serve only the technically selected target markets. In addition, the variables used by them are too few and too general which will create difficulty for having a well defined and very distinct segments to be targeted.

### 3.3.2 Decision Makers on Target Identification

**Table 4: Decision Makers on Target Identification**

Question	Responses	Head office marketing manager.	
		Frequency	
		No	%
Who identified and made decisions to serve the customers you are serving currently?	Marketing dep.	0	0%
	Top management	5	100%
	Strategy dev. Un	0	0
	Business development	0	0
	Specify if an	0	0
	Total	5	100%

Source: Questionnaire, Jan, 2011

As we can see clearly from the table-4, that all in all (100%) decision regarding whom to serve were solely identified and also solely decided by the top management. Comprises of the CEO (The President), three Vice presidents. The likes of marketing, strategy developing, business development departments were found for not identifying segments of markets to be served by the respective banks. Thus these departments were so close to customer and would have been able to identify a well-defined and profitable market segments considering the companies respective resources and comparative advantage in serving certain segments.

From the above analysis, we can understand that the marketing department does not bear the main responsibility it should, that is identifying market segments which the banks can get the most out of its operation by directing its focus towards the group of customers worthy of serving. Hence, the decision made with regard to customers that are not drawn from the marketing department of the firm seen as less appropriate.

### 3.3.3 Contribution of head office marketing and branch managers in market segmentation

In order to find out, the extent to which the marketing managers at the head offices and the branch managers shares, the responsibility of paying attention to the customer for the inclusion of customers interest in designing a sound targeting strategy for the firms, the marketing head office managers and branch managers were asked to rate their contribution in market segmentation process, accordingly their answer are depicted in the table-2.

**Table 5: Involvement of marketing and branch managers in market segmentation**

Question	Responses	Respondents				Total	
		Head quarter mkt. manger		Br. Manger		No	%
		No	%	No	%		
How do you rate your contribution in market segmentation process?	Very high	0	0	0	0	0	0
	High	0	0	0	0	0	0
	Medium	0	0	0	0	0	0
	Low	1	20%	0	0	1	3.3%
	Very low	1	20%	2	8%	3	10%
	Not at all	3	60%	23	92%	26	86%
	Total	5	100%	25	100%	30	100%

Source: Questionnaire, Jan, 2011

As we can see from the table -5, that, none from both the marketing head office managers and branch managers could rate their contribution at very high, high or medium level. Only a single head office marketing manager, which account for 20% and none from the branch manager rated "low" when it comes to their share in segmentation process. Still a single marketing manager of the head office and 2(8%) of branch managers from the surveyed banks could rate "very low". The remaining 3(60%) and 23 (92%) which are quite the majorities from both group of

respondents replied “not at all” pointing, that as they are not playing any role in the process of dividing up the total market in to smaller groups of buyers distinct needs, characteristics, or behavior who might require separate services.

The above analysis infers that the key marketing strategy decisions: how to divide up markets in to meaningful customer groups (market segmentation) and choose which customer groups to serve (target marketing) would have been made with the intense contribution of the personnel who are close to the customers such as marketing department of different level in the organization. But what is observed from this survey give us an insight that the marketing department importance is low and come in to being just for not merely leave the position vacant.

#### **3.3.4 Consideration made towards target markets’**

##### **language, culture and values in recruiting employees**

To deliver superior-value, services firms must effectively recruit and motivate its customer-contact employees to have more able and reliable employees to deliver superior services, which are resulted from the interaction between the employees and customer. Therefore, to have a best interaction in the production of services, having able employees who are well aware of acting with target market will play a central role for firms’ success. Hence, the head office marketing managers are asked to rate the consideration made while recruiting for employees’ ability of customers language, culture, values and along with this branch managers are asked whether their employees are assigned in their branch for having special ability for serving the target market.

**Table 6: Consideration made towards target markets' language, culture and values**

<b>Respondents</b>					
<b>Head quarter Marketing manager</b>			<b>Branch managers</b>		
How do you rate the consideration made towards target markets' language, culture, values and ability of workers while recruiting employees for branch offices?			Do you think your branch employees are assigned were for their special ability of language, culture and value of target market		
Responses	Frequency		Responses	Frequency	
	No	%		No	%
Very good	2	40%	Yes	10	40%
Good	3	60%	No	15	60%
Poor	0	0	I' don't know	0	0
Very poor	0	0			
Total	5	100%	Total	25	100%

Source: Questionnaire, Jan, 2011

As we can see, from the table-6, that, 2(40%) & 3(60%) of the marketing head officers said "very good" & "good" respectively for the consideration made while recruiting. While 40% of the branch manager replied "yes" for their employees assignment of to that branches for their ability of acting and speaking in customers way. However 15(60%) branch managers replied "no" indicating none possession of special ability.

The above analysis, indicates as majorities of the banks under the survey does not pay a greater attention in recruiting employees by keeping in mind for their ability of interacting with target customers for producing superior customer satisfaction. In addition, much of the banks do not assign their employees in branches just to serve uniquely the selected segments.

### 3.4 Major Present Target Market and the relative position private banks are holding

Targeting help the firm to focus and direct its activities towards satisfying its customers. Beyond deciding which segments of the market it will target, the company must decide what position it wants to occupy in the customers mind in important attributes relative to competing products. Thus it involves implanting the brand's unique benefits and differentiations in the target customer's mind that helps the firm to have a different and advantageous picture which set its company a part from its competitors in the industry.

#### 3.4.1 The number of segments targeted

Obviously companies will have a different target market and branches will be assigned for serving a group of customers that are within the boundaries of one big segment chosen by the management. In line with this concept the marketing manager of head quarters and the branch managers were asked a question of these sorts.

**Table 7: The number of segments targeted**

Respondents	Head quarter Marketing. Manager.		Branch managers	
	Question	How many market segments you are decided to focus on?	Question	How many market segments your branch established to serve for?
Frequency	Number	Percentage	Number	Percentage
One	2	40%	0	0
Two	0	0	0	0
Three	0	0	0	0
Four	0	0	0	0
All customers	3	60%	25	100%
Total	5	100%	25	100%

Source: Questionnaire, Jan, 2011

The table above depicts their answers. Accordingly 40% of the marketing managers of the head quarter said that they are focusing on one segments of the total market however, none of the branch manager focus on specific segment, rather they believe that their assignment is to serve all customer, inferring that they are in mass marketing. The remaining 60% of the respondents from the head quarter marketing manager reveled that as they are decided to serve all customers regardless of targeting a group of customers.

This infers that, as there is a lack of understanding between the head quarters marketing managers and branch manager in which 40% of the marketing managers believed that they are focusing on selected segments of the market but no branch manager shared this idea. Further, more than half of the marketing managers and all branch managers confessed that as they are in mass-marketing which is a difficult to appeal in the same way and to satisfy the customers those are varying on their want, as a result of their natural and environmental factors they are grown up.

### **3.4.2 Market segments targeted by private banks**

To have a decent understanding about the private banks present major target markets and the appropriateness of segmentation, the question: what are your major present target markets were presented to both the head quarter marketing manager and branch managers. As per the answer of the two private banks marketing heads, which account for 40%, Addis Ababa and Oromia regional and Zonal towns were stated to be a common target for both banks respectively. However, none out of the branch managers under the supervision of the above respondents could indicate their branches respective present major target markets while the rest 3(60%) of the surveyed private banks marketing heads of the quarter offices and their respective branches which is 15(48%) could

mention their present target markets. However, 3(12%) of the branch managers which is quite little from the subjects under the study stated that as they are targeting the importers, exporters and business men in Merkato, where their branches are located now. But surprisingly, the three branches head quarters could not able to mention their target market.

### 3.4.3 The position banks want to hold in the minds of the customers

As it is described in the literature part, organization should attempt to distinguish its offerings from those of its competitors and create a competitive image that puts a firm in a sub segment of its chosen market via delivering certain benefits to its target customers. In order to find out what kind of image the banks are holding about their respective banks and what actually the customers are thinking of them, questions were presented to both customers and branch managers who are included under the survey. Their responses are shown in the following table.

**Table 8: Positioning of the banks and the customers image towards them**

Respondents	Branch managers		Customers	
	Number	Percent	Number	Percent
Questions	What kind of position you want to hold in the minds of your customers with respect to your operation in the banking industry?		What kind of image you hold regarding this bank?	
High on quality and price	2	8%	16	8%
High quality for lowered price	7	28%	16	8%
Low quality for lowered price	0	0%	20	10%
Low quality and high price	0	0	8	4%
I'm not sure	16	64	140	70%
Total	25	100%	200	100%

Source: Questionnaire, Jan, 2011

As we can see from the table-8 that, 2(8%) of the respondents from head office branch marketing managers held high on quality and price about their banking service in the industry, and proportional number of customers: 16(8%) shares such kind of image with the branch managers, (because 8 customers were drawn from each branches the response of the 2 branch managers are shared by 16 customers). However 7(28%) branch managers perceive as they are delivering superior quality services for lowered price but only 16(8%) of the customers shares this sort of image about the services of the banks under the survey with regard to price and quality. While none of the branch managers thinks as they are delivering low quality for lowered price but 20(10%) of the customers maintains a low quality for lowered price services about the banks they are found while getting served, still none of the branch managers thinks they provide low quality for higher price however 8(4%) the customers think so. Surprisingly 16(64%) and 140(70%) which are quite the majority for both branch managers and customers respectively are found to be not sure of the image they hold about the banks under the survey.

This indicates that, as the majority of banks are not working and caring for distinguishing their banks operation from the competitors in the industry when it comes to service quality and price which are very basic scales along which a firm can position its services. Even worse, the image drawn about the banks under the survey by customers contradict with those of the branch managers. In addition, the country's being under less served in the banking operation distribution and the absence of stiff competition among the existing banks are found to be the reasons for customers staying up with the banks that are perceived to be delivering poor quality services and charging higher price.

Further in order to find out the other factors that drive (force) them to be served in the banks they are perceiving as low quality service provider for

high price or to the banks they are not sure of its relative image in the industry with respect to quality and price, those customers who chosen low quality but high price and those who said “I’m not sure” were presented to state their reasons of using the respective banks. Accordingly majority of them stated absence of alternative banks from the place their money is remitted from, hesitation of changing the deposit from the bank they have been using for the first time, anticipation of service quality improvements and absence of other best competitor worthy of shifting to, were among the silent reasons to keep with the respective banks they are getting services from.

### 3.4.4 Consideration made while opening branches

In an effort of delving deep with the investigation of how top marketing managers decision guides the branch managers orientation, both were presented question of consideration while opening the branches, the subjects responses are showed in the table-6.

**Table 9: consideration made while opening branches**

Respondents					
Head quarter Marketing manager.			Branch managers		
In what consideration that your branch offices opened in the places they are now located?			Do your branch is opened with responsibilities of serving certain selected market segments?		
Responses	Frequency		Responses	Frequency	
	No	%		No	%
Purposely to serve specific segment	1	20%	Yes	6	24%
I'm not sure	0	0%	No	19	76
To serve any one	4	80%			
Total	5	100%	Total	25	100

Source: Questionnaire, Jan, 2011

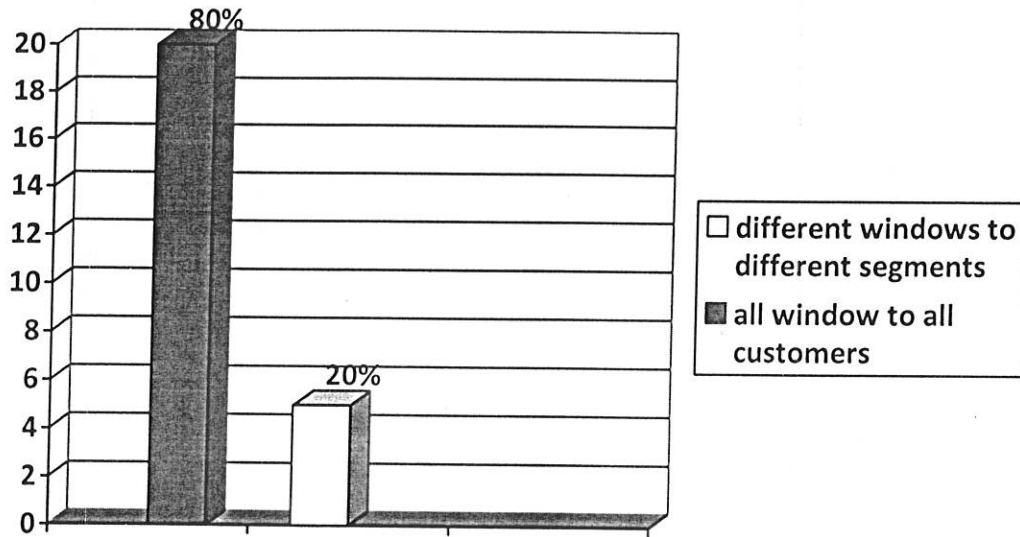
Accordingly, only (1)20% the respondent from the top management marketing head said their branches are opened to serve specific segments of the market and 6 of branch managers, which account for 24% and of course, the minority replied "yes" to the question that their branch is opened with responsibilities of serving certain segment of the market. However 4(80%) of the marketing manager, which are quite large said they are opened to serve any one who are in need of banking services regardless of their individual differences, and 19(76%) which are quite large when weighted against the surveyed branch managers, said "no" for being of their respective branch establishment with responsibility of serving segment of the market still indicating they are in mass marketing concept.

The analysis of the obtained data indicates, as the majorities of the private banks are operating to serve anyone, regardless of the customers' difference in many aspects. Hence, many of them emphasize on what they can offer than on what the customers really wants. As results of cultural, geographical, natural, psychological, and behavioral differences individual needs and wants tends to vary and thus, in turn force the service providers to curb their attention towards the customers unique wants in the pursuit of delighting the customers.

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### 3.4.5 Service window arrangement



Source: Questionnaire, Jan, 2011

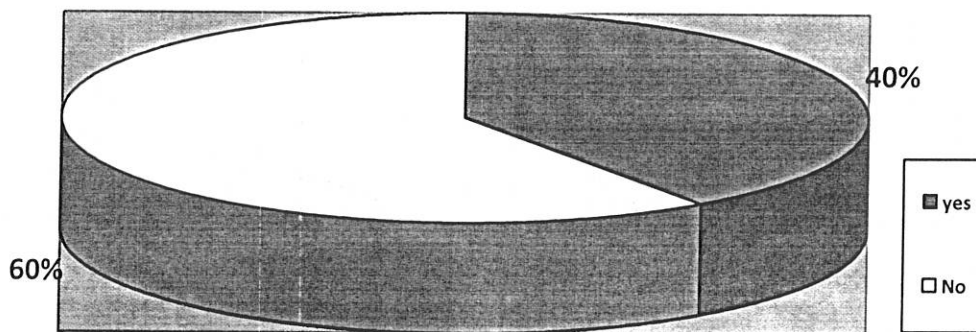
**Chart 1: service window arrangement**

As we can see from the chart-1, a quite majorities thus 20(80%) of the respondents from the branch managers indicated that their services windows are arranged to serve all kinds of customers. While the rest 5(20%) of the respondents showed that their windows were designed to serve different segments of customers. This implies that, majorities of the branches are aiming at serving different customers through a common window, which can cause a difficulty in creating special focus to the targeted market and hence probably bring a chaos around the services encounter.

### 3.5 General coordination or Gearing marketing activity towards the target market

#### 3.5.1 Offering services that cannot be matched by competitors

The marketing managers of head quarter were asked if they have special set of services for the customers they are appealing, for getting an insight whether the private banks covered in this study do offer different services that cannot be matched or offered by their competitors.



Source: Questionnaire, Jan, 2011

#### Chart 2: offering unmatched set of services for the target customers

As we can see from chart-2 more than half of them which account for 60% said “no” showing that the absence of unique offer to their customers. And 40% them replied “yes” indicating the provision of unique service offer that can be used for winning customer loyalty. But noted that the provision of those services are not limited to specific market segments rather the bank offer it for anyone who have the need for visa card. Along with this note, the unique offer was found to be a

visa card which is offered by only the two banks from the surveyed banks.

From the above analysis, we can understand that majority of the banks does not offer something different to specialize up on and in the process secure a competitive edge by offering unmatched services by their competitor. Further, those who claim to have a unique service are not design it for some selected target and devise all the accompanying activities such as placing, promoting, pricing etc towards those who are identified by the management as a group of customers worthy of serving by the respective banks.

### **3.5.2 Attention to segments while promoting their service**

Now days, the explosion of more focused media such as various fm radios and regional televisions with different languages would help to better match for the marketing firms that want to target a selected segments of the market and accordingly can easily and effectively can get its tailored message to its target market with less cost than ever. In connection with this the head quarter marketing managers of the banks under the survey were asked how they design their promotion and their selection of media and timing in order to know whether they are making use of the opportunistic choices of available media. For the purpose of comparing, the customers are also asked to rate their exposure to the respective banks promotion. The table below depicts the respondents' answers

**Table 10: The extent to which the banks pay attention to segments while promoting their service**

Respondents					
Head quarter Marketing manager.			Customers		
How do you design your promotion advertisement messages, sales promotions, media selection and timing of promotion release?			How do you rate your exposure to see and hear the advertisement of this bank		
Responses	Frequency		Responses	Frequency	
	No	%		No	%
Specific message, media and timing to each segment	0	0	Always	16	8%
General message to all customers	5	100%	Often	24	12%
Never thought of it	0	0	Sometimes	40	20%
No promotions	0	0	Rarely	92	46%
Total	5	100%	Not at all	28	14%
			Total	200	100%

Source: Questionnaire, Jan, 2011

As we can see from the table -10 that, all the marketing managers replied that as they prepare a general message to all customer at a time indicating that they are not preparing focused promotions fitting to segments. However, as of the responses from the customers only 16(8%) of the customer replied “always” for having the exposure to the promotions of the banks they are served and 24(12%) & 40(20%) of the customer replied “often” & “sometimes” respectively in describing their exposure. However 92 customer which little to half of the customers, replied “rarely” and 28 of them which account for 14% of the customers chosen “not at all” pointing no chance of seeing, hearing and reading the promotions of the bank they were found using.

This indicates that as the banks are not effectively getting their messages to their customers in the right place, time and through the favorite Medias of the customers. In addition, the promotion of the banks

conveys general messages to all customers without paying attention for the customers' preferences of the message contents, media and timing etc which would be very hard to get the customers' attention to the promotions released.

### 3.5.3 Activities done to retain customer loyal

When it comes to building strong customer relationships, today's marketers know that, the costs of attracting new consumers are rising as a result of more sophisticated competitors and overcapacity in many industries mean that there are fewer customers to go around. Good customer relationship management searches for the best tools that make the customer delighted. In turn, delighted customers remain loyal and talk favorably to others about the company and its products. With the interest of knowing how effectively they make their customer loyal, branch managers were asked, the question what do you do to retain your customers loyal and customers are presented with a question that are used for checking the existent of their loyalty. Their answers are shown in the table below.

**Table 11: activities done to retain customer loyal**

Respondents					
Branch managers			Customers		
What do you do to retain your loyal customers?			Are you willing to come here again and to refer the bank for your friends that have similar needs to you?		
Responses	Frequency		Responses	Frequency	
	No	%		No	%
Call and mail them for advising about their financial condition	3	12%	Certainly yes	40	20%
Rewarding	11	44%	Not sure	128	64%
Beneficial interest	5	20%	Not at all	32	16%
Other	6	24%			
Total	25	100%	Total	200	100%

Source: Questionnaire, Jan, 2011

As we can see from the table above, 3 (12%) branch manager said as they call & mail their customers for advising about their financial condition but 11(44%), which are the majorities replied, that rewarding used for retaining and 5(20%) of the branch manager used beneficial interest for retaining customer. But when the customer under the study were asked whether they are willing to come again and to refer the bank for friend, 20% of them said “certainly yes” pointing their loyalty. However, 64% of them which are quite the majority said “not sure” showing their doubt and 16% of them said “not at all” for coming back again.

This indicates that, as there are mismatches between what the bank managers are thinking to be interesting and acceptable by the customers and with what actually the customers perceive worthy of taking from the respective banks. Because, if the tools used for delighting the customers are really been what actually the customers are happy of it, at least above a half of them would have been loyal to the banks that are under the survey.

### **3.5.4 Having Unique Comparative advantages**

Firms must be aware of who their competitors are and of their relative strengths and weakness. One method of identifying and selecting strategies is to identify the activities in which an organization has a competitive advantage over its competitors and doing it effectively to mesmerize the target customers. In connection with this, the branch managers were asked how do they evaluate their own branch for having a unique comparative advantages in serving their customers and customers are also asked to rate the services given to them by respective bank to be able to compare the responses of the managers against their customers. Accordingly their answer is depicted on the table below.

**Table 12: Having Unique Comparative advantages**

Respondents	Branch mangers		Customers	
Question	How do you evaluate your branches for having a unique comparatives advantage in serving target market over your competitors?		How do you rate the services given to you by this bank as compared with others?	
Frequency	Number	Percentage	Number	Percentage
Very good	8	32%	16	8%
Good	17	68%	60	30%
Poor	0	0%	36	18%
Very poor	0	0%	8	4%
Indifferent about	0	0%	80	40%
Total	25	100%	200	100%

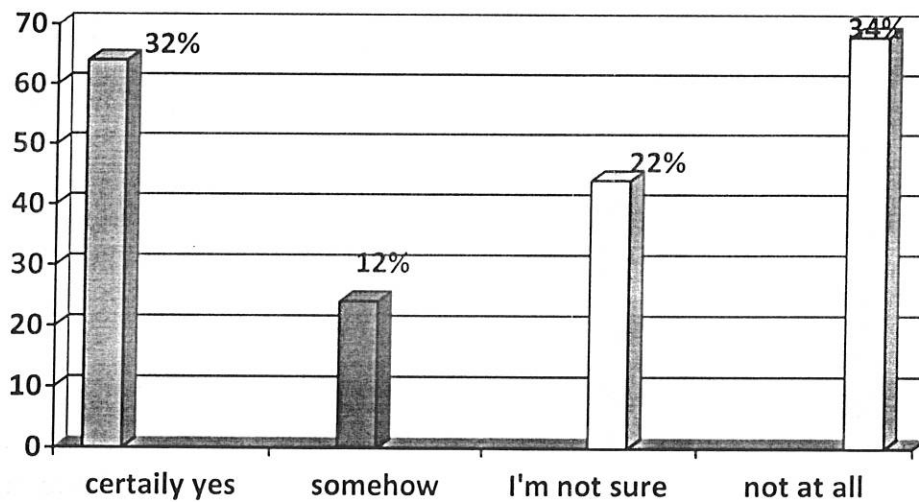
Source: Questionnaire, Jan, 2011

As we can see, 8(32%) of the branch managers rated “very good” for having a unique comparative advantage in serving the customers. However, only 16(8%) of the customers rated “very good” for the banks they are getting the services from. And 17 branch managers which are a little to 70% rated “good” while only 60(30%) the customers shares their answers. Even none of the branch managers could rate “poor” and very poor for their branches possessions of comparative advantages however, 18% and 4% of the customers under the survey rated “poor” and “very poor” for the banks to have a comparative advantages in serving them uniquely than other competitors, mean while majority of the customer which account 40% are indifferent about it.

The above analysis indicates that, even though the branch managers are claiming for having a unique comparative advantage majorities of the customers do not agree on this regard. Even a large majority which account for 40% are indifferent regarding the banks possession of unique comparative advantage in serving them while the survey was conducted indicating their doubts and banks weakness in explicitly

showing up their comparative advantages that the banks have over their competitors to their customers.

### 3.5.5 Special offer of private banks as perceived by customers



Source: Questionnaire, Jan, 2011

#### Chart 3: special offers as perceived by customers

As we can see from chart-3, the customers responded for seeing special offer of the banks from certainly yes to not at all. Accordingly, 64(32%) & 24(12%) of the customer said “certainly yes” & “some how” respectively pointing some distinguishing factors of the respective bank they gone to. While 44 (22%) and 68(34%) of the respondents said “I’m not sure” and “not at all” respectively indicating there doubt and being sure for not seeing anything different from the bank’s operation when it is seen form other competitors point of view.

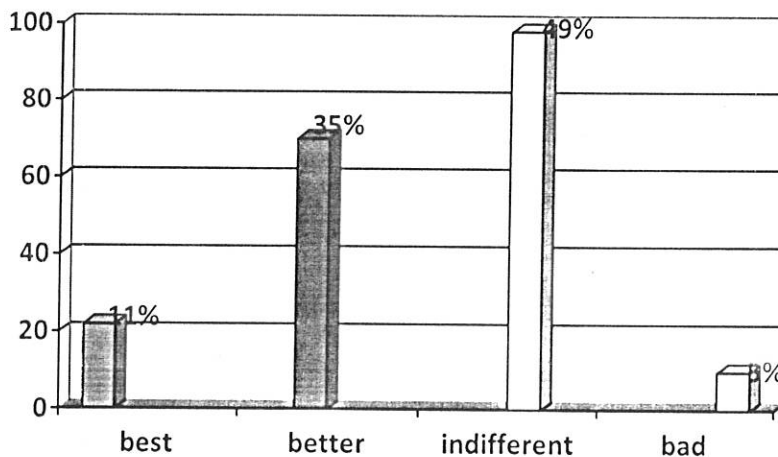
This shows, as the banks are not design unique offer, or perform things differently or maintaining poor way of communicating those differences for its customers to be explicitly observed.

To further add up on my investigation of the extent the banks perform its operation differently or what they perform to be different and how customers are aware of those differences both the branch manager and customers asked to mention the point of the delivered differences and the felt differences respectively.

Accordingly the branch manager stated, modern technology, able customer language employees, extended service hours were among the silent tools used for setting apart their offer from the competing banks. However, much of the customers who said “certainly yes” stated that speaking of their language by the delivery employees, visa card, availability of many branches to receive and send money to all their regions etc are among the main observed and felt by the customers.

### **3.5.6 Customers’ ranking of respective bank by comparing with other competitor**

Finally to know how customers are driving satisfaction out of the services delivered to them by the respective banks, they were asked to express their respective bank with alternative words “Best”, “Better”, “indifferent” and “Bad”.



Source: Questionnaire, Jan, 2011

#### **Chart 4: customers ranking of respective banks**

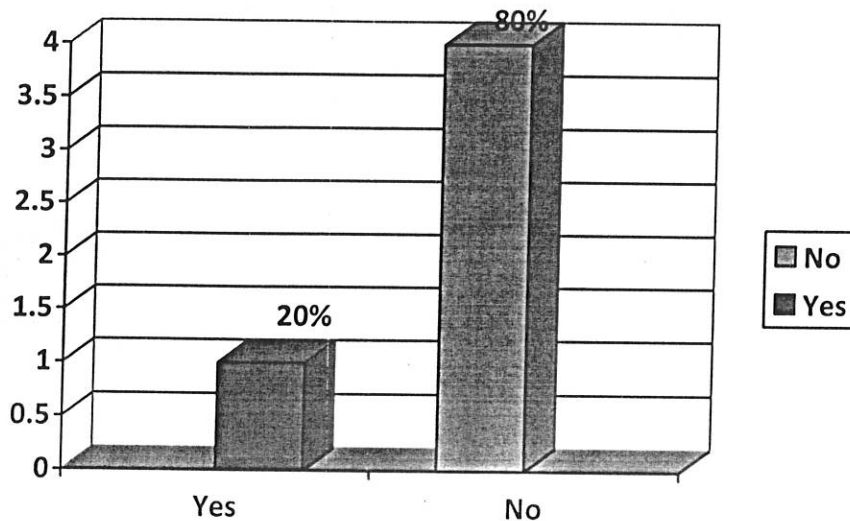
As it is shown in chart-4, 22 of respondents which account for about one tenth of the respondents could said “best” indicating their happiness with their dealings of respective banks they are found while using. And 70(35%) of the subjects said “better” indicating their satisfaction by getting what they expect from the banks they are getting the service from. However a little to half or 98(49%) respondents which are quite the majority were found to be indifferent about it pointing their doubt of where the bank they are using stand in the industry with respect to the existing competition. But the remaining 5% which are 10 respondents in number replied “bad” revealing their dissatisfaction

This indicates that, many of the banks are not reached to the level that can be seen as a best by their customers as a result; this weakness will provide a greater chance for much of the existing customer to shift to other competing firms easily up on seeing some better fit. In addition, many of them are not delighting their customers, hence are in state of poor loyal customer building phases.

### **3.6 Responding to Marketing Environment**

#### **3.6.1 Tapping of newly emerging market segments**

In order to know, how the banks are responding to the newly emerging attractive market segments as results of the existing economical growth and better distribution of income, the marketing managers of head quarter were presented with the question of seeing newly emerging segments worthy of devising their offer to them as well. Their responses are depicted in the chart-6.



Source: Questionnaire, Jan, 2011

**Chart 5: hunting for new market segments**

Accordingly, 4 of the marketing manager which account for 80% and of course quite the majority revealed as they are not scrutinizing any market segments on behalf of their respective banks. The remaining 1(20%) of the respondents, that represent the responses of a single bank from the survey showed that as his bank recently seen visa card user as a new segment and launched the service of the card to the users.

This indicates that, even though many changes are taking place in the society such as increasing working women, small scale enterprises, higher institution student etc are among the silent changes that are showing a fast pace changes, but, the banks responsiveness to this shift can be seen as poor. Because of the shift in marketing environments there would have come some good opportunity that might been big business to go after

In line with this, for investigating how they technically mention its segments, the marketing manager who said his bank is seeing the newly

emerging segment asked to mention the segments. Accordingly, he stated two segments which are seen by the bank. Thus visa card users and small scale manufacturers are stated as new segments. In addition he further explained as the bank already started the new visa this year and preparing for serving the small scale manufactures.

Further, with interest of knowing its justification for selecting the above mentioned segments, the marketing manager of the head quarter presented the open ended question to justify the reason, why they are going to target those newly emerging market segments, profitability, was stated for being a main reason for launching the visa card and being the governmental focus was stated to be a reason for selecting the small scale manufacturers as a new segment.

The above discussion points as the banks are not mentioning the target market in better and well-defining way. Because “visa card user” are still very general which cannot answer about their where, how much income they have, interest, occupation etc. further, the justification putted forward by the bank are not good and wide enough for selecting the segment profitability and going along with the governments central focus policy would be good but what about their ability of serving the segments both in terms of skill, financial and technological requirements that are not justified by the manager.

### **3.6.2 Possession of marketing information system**

Having modern and well-designed marketing information system would help for passing sound decision in designing customer driven marketing strategies in general and for effective market segmentation process in particular. Hence for checking up whether the banks under the survey possess such important and capable department or not, both marketing manager from head office and branch manager presented with a

question; do you have a marketing information system department that collect information regarding the customer for the purpose of supporting market segmentation process. Their answers are shown in the table below.

**Table 13: Possession of marketing information system**

Question	Respondents			
	Head quarter meg mangers		Branch mangers	
Do you have a marketing information system department that collect information regarding the customer for the purpose of supporting market segmentation process				
Yes	2	40%	0	0%
No	3	60%	25	100%
Total	5	100%	25	100%

Source: Questionnaire, Jan, 2011

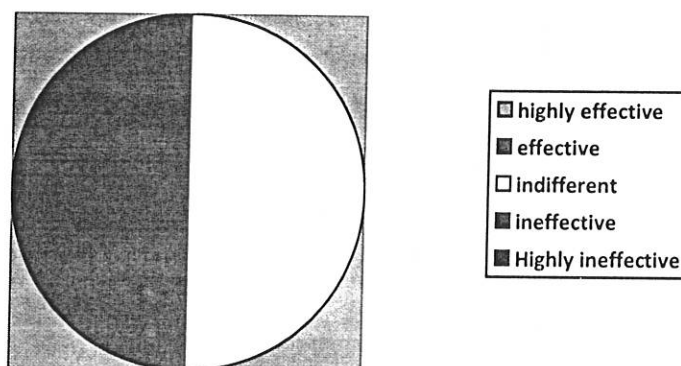
Accordingly 40% of the marketing managers replied “yes” indicating for maintaining a marketing information department working for producing information for supporting market segmentation process and 60% of them said “no” pointing the absence the department gathering information for segmentation purpose. However, surprisingly none of the respondents from branch manager said “yes” showing that for not maintaining such department. Even those who said we have at head quarter office could not be shared by their branch offices.

This shows that as the majority of banks did not maintain a market information center for the purpose of segmenting the market and even those who are found for having the department are only limited to head quarter office.

Therefore it would be hard for effectively gathering and producing various information including from all branches.

### 3.6.3 Effectiveness of marketing information system for segmentation process

In order to evaluate how effective the marketing information systems are for supporting market segmentation, the marketing managers who are revealed their having of such department were asked to rate how effective their departments are in supporting the market segmentation. Their responses are shown in chart-6.



Source: Questionnaire, Jan, 2011

#### Chart 6: effectiveness of marketing information system

As we can see from the chart -7 that, out of the two head office marketing manager each rated “indifferent about it” and “in effective” respectively. Thus a single manager said indifferent, which account for 50% and other manager also rated ineffective which account 50%.

This indicates as the banks did not maintained effective marketing information department which of course make it difficult to produce reliable and relevant information for supporting market segmentation process.

## **CHAPTER FOUR**

### **4.1 Summary of findings, Conclusion and Recommendation**

#### **4.1.1 Summary of findings**

- While 1(20%) and 5(20%) of respondents from head quarter marketing manager and branch manager respectively could mentioned their segments as they are serving all customer with special emphasis given to farmers cooperative unions and oromic speaking customers. However these respondents are found for not knowing their business share from each segments and the positioning used for each segment. Further the starting year of each segments were shown to be just as of the bank inaugurations and they revealed that, as they does not have a unique offer to those target markets. The subjects mentioned that as language was the only variable that are used to get (form) oromic speaking customers and geography, occupation and business type were used as a variables to get segment of the farmers cooperative unions as a target market.
- All in all (100%) decision regarding whom to serve were solely identified and also solely decided by the top management. The likes of marketing, strategy developing, business development departments were found for not identifying segments of markets to be served by the respective banks. Thus these departments were so close to customer and would have been able to identify a well-defined and profitable market segments considering the companies respective resources and comparative advantage in serving certain segments.

- 40% of the marketing managers of the head quarter said that they are focusing on one segments of the total market however, none of the branch manager focus on specific segment, rather they believe that their assignment is to serve all customer, inferring that they are in mass marketing. The remaining 60% of the respondents from the head quarter marketing manager reveled that as they are decided to serve all customers regardless of targeting a group of customers.
- 22 of respondents which account for about one tenth of the respondents could said “best” indicating their happiness with their dealings of respective banks they are found while using. And 70(35%) of the subjects said “better” indicating their satisfaction by getting what they expect from the banks they are getting the service from. However a little to half or 98(49%) respondents which are quite the majority were found to be indifferent about it pointing their doubt of where the bank they are using stand in the industry with respect to the existing competition. But the remaining 5% which are 10 respondents in number replied “bad” revealing their dissatisfaction This indicates that, many of the banks are not reached to the level that can be seen as a best by their customers
- Out of the two head office marketing manager each rated “indifferent about it” and “in effective” respectively. Thus a single manager said indifferent, which account for 50% and other manager also rated ineffective which account 50%. This indicates as the banks did not maintained effective marketing information department which of course make it difficult to produce reliable and relevant information for supporting market segmentation process.

- 4 of the marketing manager which account for 80% and of course quite the majority revealed as they are not scrutinizing any market segments on behalf of their respective banks. The remaining 1(20%) of the respondents, that represent the responses of a single bank from the survey showed that as his bank recently seen visa card user as a new segment and launched the service of the card to the users. This indicates that, even though many changes are taking place in the society such as increasing working women, small scale enterprises, higher institution student etc are among the silent changes that are showing a fast pace changes, but, the banks responsiveness to this shift can be seen as poor. Because of the shift in marketing environments there would have come some good opportunity that might been big business to go after.
- 16% of the branch managers replied “yes” for having a special offer but surprisingly 30% of the customers replied “certainly yes” for making the banks they are now using their first choice for the future. Meanwhile, 84% quite large amount of managers replied “no” for question of having unique (special) offer to their customers indicating as they are not providing different services than other competitors in the industry. However 26% of the customers are said “some how” in responding the question of coming back again to the bank they are currently found while using. And 36% which are quite large and a little to 8% replied “I’m not sure and no” pointing their doubt and certainty of making the banks they are using a first choice respectively. This indicates that as majority of banks under the survey are providing similar services to the customer and as a result, they could not make much of their customer loyal to them.

As the main objectives of the study are to find out the bases of market segmentation and their appropriateness, I summarize what I got from the undergone study.

#### **4.1.2 Conclusions**

- ❖ Accordingly many of the banks are not segmenting the market and the few those who are practicing the segmentation used only two variable, thus geography, occupation and language are taken as a variables for segmenting the market. However, using only these variables are not be good enough for producing a well-defined and explicitly distinguishable segment because within the stated geography Oromia region and oromic speaking people there are still many factors that vary the customers preference for the services and in turn, force them to seek different types of service mixes in particular and marketing program in general. Therefore the variables used were found in effective and general for producing specific and well-defined segments of the market.
- ❖ Both head quarter marketing managers and the branch managers did not know their banks respective target customers, business share, and the respective years of operation in each segments of the market, which would have helped the banks management in making decisions whether to put strong resources and commitment in its more profitable segments of the market or phase down or drop its weaker one.
- ❖ Decision regarding whom to serve were decided solely by the top management of the bank, hence the department such as marketing business development were found for not identifying segments of the market that are best to be served by the banks. Due to this, the functionality of the marketing departments are in question..

because as a head marketing manager one, would have decided or contributed a lot in decision regarding segmentation, targeting and positioning as s/he is so close to customer in his/her profession to get the most out of the total market by answering the question of whom to serve, how to serve and what value-proposition to be delivered to the customers and etc.

- ❖ Majorities of the banks under the survey do not pay a greater attention in recruiting employees to search talented employees that are acquainted with the required language, attitude, and other appreciable skills by target customers. Due to the fact that the service quality is in part determined by the interaction made with the customer having able employees that can effectively interact with target customers would be a vital one in the process of delivering a superior- value to the customers and along the way win the competition.
- ❖ The banks under the study are found for not offering something different to specialize up on and set themselves apart from their competitors to win the competition through providing unmatched services of superior quality than the rest. This in turn, can cause a danger to them if one starts to offer special services tailored to selected segment, large numbers of customers can be lured away from the existing banks. What are used by the banks to be different from their competitor are not felt by their respective customers. most of the banks claim modern technology, able employees of speaking the customers language, extended service hours are among the salient point of differentiations but only one: able employees of speaking the customers language is shared by the respective customers of the banks. These differences would be a danger because what the banks are investing on to be different

are not getting recognition from the customers, this in turn would be wasting the firms resources.

- ❖ Large numbers of customers are not delighted with service given to them. This weakness will pave the way for the existing customers to shift to another competing firm up on seeing some better fit to their banking service needs.
- ❖ Most of the customers are going to respective banks due to the absence of alternative banks from where their money remitted from and to, hesitation of changing their deposits, anticipation of improvements and absence of other best competitor worthy of shifting to are found to be the reasons for keeping dealing with the existing banks. This will provide greater chances for more sophisticated competitors to lure away the customers; especially the problem would be worse to the existing domestic banks if the sector is opened to for foreign banks up on the accession of the country to world trade organization.
- ❖ With regard to the cooperation and integration in serving the customers that the banks maintained are found to be weak. Because the branches responses about their target market are not in alignment with those of their respective head office marketing manager and further most of the branch manager could not described the position their respective bank want to hold in the minds of the customer in price and quality-which of course would hold the branch managers from leading his/her employees to build the commonly shared image in the minds of the customers. This was proved by the doubt or certainty of the branch managers to tell where exactly their bank want to hold in the customers mind. In addition, to this the involvement of the branch managers in

segmenting and targeting the market was rated poor by the branch managers as well as head quarter marketing managers.

- ❖ To further shed light in the market segmentation practice of the private banks, finding out the number of the market segment the banks under the study serve was made the objective of this paper. And accordingly many of the banks were found using mass marketing or serving whole market. That is of course the old philosophy than segmentation. Even those who were found for practicing market segmentation are tended to mass marketing in practices. Even though they claim for segmenting and targeting the market, in reality they place, promote price and design their services for all customer. This in turn, makes it hard for each bank to build long lasting relationship by focusing on certain segments through delivering superior value to the target customers.
- ❖ Finally, the banks covered under the study were found poor in catching up and using the opportunities created by the change in marketing environments. the change of such environmental force will bring both opportunity and threat. For instance, the number of working women, university and colleges students, small and medium scale manufactures and financially strong farmers' cooperatives are growing than ever, but the surveyed banks still did not paid attention to such newly emerging segments of the market. And further they were found poor for maintaining effective department of marketing information that are capable of producing information that can be used for effectively segmenting the customers and in turn, target the segment which are of worthy serving based on the technical and financial possession of the banks respective strength.

### 4.1.3 Recommendations

- ✓ There are too many different kinds of consumers with too many different kinds of wants for satisfying their needs in banking services. And most private banks are in a position to serve some segments better than others due to the fact that they lack all the required financial, manpower, technology and system to satisfy all group of customer in the same manner and as a result build a long-term relationship with all of them. Thus each private banks should divide up the total market, choose the best segments, and design a winning strategies for producing superior value profitably and in turn build a long-term relationship with the chosen segments.
- ✓ Geography and language are not good enough to produce a well-defined market segments, hence the private banks should use many variables such as income, age, occupation, personality, etc in combination to get a well-defined, distinguishable, accessible, and actionable group of customer so that the bank can wisely focus their efforts on meeting the distinct needs individual within the selected segments.
- ✓ The private banks should establish a marketing information system that is capable of producing information regarding the change in the total market. They must put in to action better people, equipment, and procedure to gather, sort, analyze, evaluate and distribute needed information regarding the new segments that are going to bring an opportunity for the banks through pin-pointing high-value customers, and their specific requirements and the required means of how to target them more effectively.

- ✓ The marketing managers should be given the responsibilities of identifying the market segments, and to designs the means on how to target and to map the position of their bank in the industry or should be involved in making decisions regarding the customers of the banks. Further the head quarter marketing manager should be responsible to motivate and coordinate employees in delivering higher quality services as it is the main objective to be pursued by the marketing firm.
  
- ✓ Attention should be given to the customer's differences in every aspects will help to go deeper to delight the customer by offering them the services that are tailored as per their unique requirements. Through giving all the necessary support to marketing professionals of the bank corporate culture of working closely with marketing personnel will help to be inclusive of customer's interest. Each branch managers and their front-liners/customer contact people should be made well aware of the target customers, business share, years of operation and the position aimed to held in the industry through giving them periodical trainings by the marketing professionals of their respective banks

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# Appendix

## **Appendix A**

### **Questionnaire to be filled by Head Office Marketing Manager**

#### **Dear respondents,**

This questionnaire has been developed by marketing management student of Addis Ababa University with the intention of an assessment market segmentation practice in Ethiopian private banking sector. The information you provide me via this tool has great value for my work of finding information related with an assessment market segmentation practice in the sector. So, I kindly request you to take time in answering the following question. Moreover, the data /information/ found will be used for only the research outcome. All your responses will be kept in absolute confidentiality.

Thank you for your cooperation in advance!



## Instruction

Please write your view on questions that are provided with space or make a circle on questions that are provided with options.

1. Who identified and made decisions to serve the customers you are serving currently?
  - A. Marketing department
  - B. Top management
  - C. Strategy development Unit
  - D. Business development
  - E. Specify if any
2. How do you rate your contribution in market segmentation process?
  - A. Very high
  - B. High
  - C. Medium
  - D. Low
  - E. Very low
  - F. Not at all
3. How do you rate the consideration made towards target markets' language, culture, values and ability of workers while recruiting employers for branch offices?
  - A. Very good
  - B. Good
  - C. Poor
  - D. Very poor
4. How many market segments you are decided to focus on?
  - A. One
  - B. Two
  - C. Three
  - D. Four
  - E. All customers
5. Would you please mention your major present target markets  

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6. In what consideration that your branch offices opened in the places they are now located?
  - A. Purposely to serve specific segment
  - B. I'm not sure
  - C. To serve any one

7. Do you have special set of services for the customers your banks appealing for?
  - A. Yes
  - B. No
8. How do you design your promotion advertisement messages, sales promotions, media selection and timing of promotion release?
  - A. Specific message, media and timing to each segment
  - B. General message to all customers
  - C. Never thought of it
  - D. No promotions
9. Do you target the newly emerging segment such as increasing working women, college and university students and expanding urbanization etc?
  - A. Yes
  - B. No
10. If you say "yes" for question number 9, would you please mention the segments? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
11. Would you please justify the reason, why you are going to target those newly emerging market segments?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
12. Do you have marketing information system departments that collect information regarding the customer for the purpose of supporting market segmentation process?
  - A. Yes
  - B. No
13. How do you rate the effectiveness of your marketing information system departments in supporting the market segmentation decisions?
  - A. Effective
  - B. Highly effective
  - C. Indifferent
  - D. Ineffective
  - E. Highly ineffective

## **Appendix B**

### **Questionnaire to be filled by Branch Manager**

**Dear respondents,**

This questionnaire has been developed by marketing management student of Addis Ababa University with the intention of an assessment market segmentation practice in Ethiopian private banking sector. The information you provide me via this tool has great value for my work of finding information related with an assessment market segmentation practice in the sector. So, I kindly request you to take time in answering the following question. Moreover, the data /information/ found will be used for only the research outcome. All your responses will be kept in absolute confidentiality.

Thank you for your cooperation in advance!



## Instruction

Please write your view on questions that are provided with space or make a circle on questions that are provided with options.

1. How many market segments your branch established to serve for?
  - A. One
  - B. Two
  - C. Three
  - D. Four
  - E. All customers
2. Do you think your branch employees are assigned were for their special ability of language, culture and value of target market
  - A. Yes
  - B. NO
  - C. I don't know
3. Would you please mention your major present target markets  

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4. What kind of position you want to hold in the minds of your customers with respect to your operation in the banking industry?
  - A. High on quality and price
  - B. High quality for lowered price
  - C. Low quality for lowered price
  - D. Low quality and high price
  - E. I'm not sure
5. Do your branch is opened with responsibilities of serving certain selected market segments?
  - A. Yes
  - B. No

6. How are your service windows arranged
  - A. All windows to all kinds of customer
  - B. Different windows to different segments
7. What do you do to retain your loyal customers?
  - A. Call and mail them for advising about their financial condition
  - B. Rewarding
  - C. Beneficial interest
  - D. Other
8. How do you evaluate your branches for having a unique comparative advantage in serving target market over your competitors?
  - A. Very good
  - B. Good
  - C. Poor
  - D. Very poor
  - E. Indifferent about
9. Would you please mention what your bank performs to be different from its competitors? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
10. Do you have marketing information system departments that collect information regarding the customer for the purpose of supporting market segmentation process?
  - A. Yes
  - B. No

## **Appendix C**

### **Questionnaire to be filled by customers**

**Dear respondents,**

This questionnaire has been developed by marketing management student of Addis Ababa University with the intention of an assessment market segmentation practice in Ethiopian private banking sector. The information you provide me via this tool has great value for my work of finding information related with an assessment market segmentation practice in the sector. So, I kindly request you to take time in answering the following question. Moreover, the data /information/ found will be used for only the research outcome. All your responses will be kept in absolute confidentiality.

Thank you for your cooperation in advance!

## Instruction

Please write your view on questions that are provided with space or make a circle on questions that are provided with options.

1. What kind of image you hold regarding this bank?
  - A. High on quality and price
  - B. High quality for lowered price
  - C. Low quality for lowered price
  - D. Low quality and high price
  - E. I'm not sure
2. If you think Low quality and high price or if you are not sure of the image you hold about this bank, what would be the reasons that brought you here?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. How do you rate your exposure to see and hear the advertisement of this bank?
  - A. Always
  - B. Often
  - C. Sometimes
  - D. Rarely
  - E. Not at all
4. Are you willing to come here again and to refer the bank for your friends that have similar needs to you?
  - A. Certainly yes
  - B. Not sure
  - C. Not at all

5. How do you rate the services given to you by this bank as compared with others?
- A. Very good
  - B. Good
  - C. Poor
  - D. Very poor
  - E. Indifferent about
6. Have you seen special offer of that cannot be offered by other competing banks?
- A. Certainly yes
  - B. Somehow
  - C. I'm not sure
  - D. Not at all
7. if you have seen something special from this bank would you please mention them \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
8. In which word you this bank can be described in its effort in satisfying your needs as compared with other competing banks?
- A. Best
  - B. Better
  - C. Bad

## Declaration

I, the undersigned, declare that this thesis is my original work, has not been presented for a degree in any other university and that all sources of materials used for the thesis have been dully acknowledged.

Declared by:

Name: Jima Mekonen

Signature 

Date 3/10/11

Confirmed by Advisor:

Name: \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Place and date of Submission: Addis Ababa University, April, 2011

