THE EFFECTS OF MARKETING SEGMENTATION STRATEGY ON CUSTOMER SATISFACTION (A CASE STUDY OF NESTLE FOODS PLC).

BY

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DECLARATION

I hereby declare that this project has been written by me and is a record of my research work. It has not been presented in any previous application for Master of Business Administration. All quotations are indicated and sources of information specifically by means of bibliography.

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CERTIFICATION

CERTIFICATION

This is to certify that this has been read, approved, and meets the regulation governing the award of Master of Business Administration in Nasarawa State University for its contribution to knowledge and literacy presentation.

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DEDICATION

This work is dedicated to Almighty God who helped me throughout my years of study in the university.

ACKNOWLEDGEMENT

My sincere and profound gratitude goes to Almighty God the creator of heaven and earth for sparing my live and seeing me through this academic period.

My appreciation goes to my able supervisor Dr. Ibrahim Ohida, for his support and tolerance throughout the project work. I also want to acknowledge all my lecturers in the department for all the knowledge they impacted me.

I wish to acknowledge my supportive parent/guardians and loving siblings who gave me their total support, encouragement and prayers towards my academic pursuit, may God bless them richly and grant them their heart desires.

My thanks also go to my friends and well-wishers for their contribution in one way or the other.

ABSTRACT

The effect of market segmentation as a strategy for customer satisfaction: a case study of Nestle Foods Plc. It was found that eighty five percent of the respondents strongly agreed that the Practice of market segmentation helps to satisfy customers better hence ensure customer satisfaction and entrenched loyalty of the customers as ninety one percent of the respondent agree that they patronize nestle foods products, sixty seven percent of the respondents rated nestle products on a scale of seven to eight, (on a scale of 1-10) and seventy one percent of the respondents Indicated they buy Nestle products consistently. Majority of the respondents holds he view that the market segment of the company is selected based on how measurable certain characteristics like income or location of customers is to the company. Twenty five percent said is the sizeability with emphasis on how large and profitable enough it could serve the market. Also, the study revealed that Hundred percent of the respondents agreed that market segmentation greatly increases the company's sales turnover. The study concluded that the practice of market segmentation can affect the sales turnover of any company positively.

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CHAPTER ONE

1.0 INTRODUCTION

Market segmentation is a marketing strategy employed by companies to cope with competition in industries where the product nature is generic and a little differentiation of product quality or unique attributes are not possible or feasible. Also where the industry is mature and expansion through market development and penetration strategies have reached the peak, segmentation of the existing consumers becomes attractive. Market segmentation usually involves packaging for convenience and esthetics to create appeal or prestige on the product or service.

All over the world, companies in the food and beverages industries are in such competitive positions that differentiation for segmented markets are the norm.

As our economics system has become more successful at providing for needs and wants, there has been greater focus on organizations adhering to ethical values rather than simply providing products. This focus has come about for two reasons: First, when an organization behaves ethically, customers develop more positive attitudes about the firm, its products, and its services. However, when marketing practices depart from standards that society considers acceptable, the market process becomes less efficient sometimes it is even interrupted. Not employing ethnical marketing practices lead to dissatisfied customers, bad publicity lack of trust, lost of business, or sometimes legal action. Thus, most organizations uses market segmentation as a strategy in order to meet up with the consumer demand.

1.1 Background to the Study

Nestle Food Nigeria. Pic is a food processing industry incorporated on January 5, 1962 under the name Food Specialist Nigeria Pic in conformity with the Companies -and Allied Matters Decree 1990, before it adopted the present name on August 21, 1990. Nestle Food Nigeria Pic is into the production of variety of food items for different customers because they practice market segmentation. Some of these products the company manufacturer includes. Food seasoning such as: magi chicken, magi cube or star, magi crayfish, magi golden beef etc. Baby food nutrients, like: Nastrogen, Similac, Cerelac etc.

Beverages star as: Milo, Chocomilo, Nescafe, etc. since markets are very rarely universal and consists of buyers who differ in many ways and therefore, be classified into sub-markets or market segments on the basis of a suitable characteristics or variables. Thus what manager does in order to understand potential customers is very crucial. This gave the researcher the interest to investigate into the case of how management of nestle foods Nigeria Pic with segmented markets is able to know, who their customers are, where they are, their attitudes, perception, complaints, needs and how they are currently served by the competitors.

1.2 Statement of the Problem

Most organizations find it difficult to customize their products in order to satisfy specific buyers; instead they look for broad classes of buyers who differ in product needs and buying responses.

Inspite all concerted effort made by industries to justify this to achieve the goals for which they are established, it is interesting to note that market segmentation are faced, with inherent problems that hampering their progress in realizing the objectives, for which they were set up.. Nestle, Foods Nigeria Pic is not an exemption in this case, in the light of this the research intends to provide answers to a number of questions,

1.3 Research Question

This research work will provide answers to the following questions:

1. How does market segmentation help satisfy customers better?
2. What are the criteria considered in segmenting the market by Nestle Foods Nigerian Pic?
3. What effect does market segmentation have on the company's sales turn over?
4. What are the challenges facing firms in segmenting their market?

1.4 Objectives of the Study

The broad objective of this research is to examine market segmentation as a recipe for customer satisfaction. The specific objectives include:

1. To examine the extent to which customer satisfaction can be derived from market segmentation.
2. To evaluate the criteria used by Nestle Foods Nigeria Plc Market segmentation.
3. To evaluate the effect of market segmentation on the company's sales turnover.

4. To identify the problems militating against the adaptation of market segmentation.

1.5 **Statement of** the **Hypothesis**

The hypothesis consists of a null (Hi) and alternative (H_2).

H_0: Market segmentation has significant effect on the company's sales turnover.

Hi: Market segmentation has no significant effect on the company's sales turnover.

1.6 **Significance of the Study**

The significance of this research work cannot be overemphasized. The effect will provide useful information to business organizations, decision makers, students in the department of Business Administration.

To Nestle Food Nigeria Pic and its counterparts practicing market segmentation, this effect will contribute immensely.

1. Improving ability of the company in generating an effective marketing plans and programmes to meet market demands with less cost.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, we review some of the relevant literature emphasis is placed on the concept of market segmentation, customer satisfaction and measurements as well as theoretical framework.

Market Segmentation is the subdivision of a market according to some commonality, kinship or similarity. The main purpose of Market Segmentation is to concentrate the marketing vigor on the market segment so as to gain an upper hand in that specific segment. The core of all marketing strategy is the marketing force applied, and market segmentation is the tool that helps in achieving this force.

Businesses generally like to segment their market for a variety of reasons. It has been commonly observed that the needs and desires of customers differ to at least some extent and thus businesses that create distinct offers for each segment do more good than harm to themselves. Such an act offers better quality products or services and help increase profitability of the business as a whole.

Market segmentation is an excellent means of determining ways to reach your customers. Market Segmentation allows you as different options to enter into a market but usually it’s difficult to quantify the impact of an approach. When a large market is broken down into smaller segments, it becomes easier to focus your individual strategies specifically to each of the segment and thereby

paying attention to as many groups of customers as

ii. A marketing mix appropriate to a particular segment perhaps selected.

Also, in the works of Onah (1979), market segmentation is simply "that portion of a total market that displays similar human characteristics resulting in similar purchase pattern".

We could go on to give several definitions by several scholars with different ideological learning, but) basically what we should understand from these definitions is that four (4) steps are involved in the process. These steps include:

i. Identify segmentation variables and segment the market.

ii. Develop profiles of resulting segments.

iii. Evaluate the attractiveness of each segment.

iv. Select the target segments (Kotler, 1997).

2.2 Reasons for Market Segmentation

Business analysis has shown that many companies are into the practice of segmentation basically to;

i. Define its markets.

ii. Position range of brand product varieties.

iii. Identify gaps which offer significant opportunities for expansion or new product positioning.

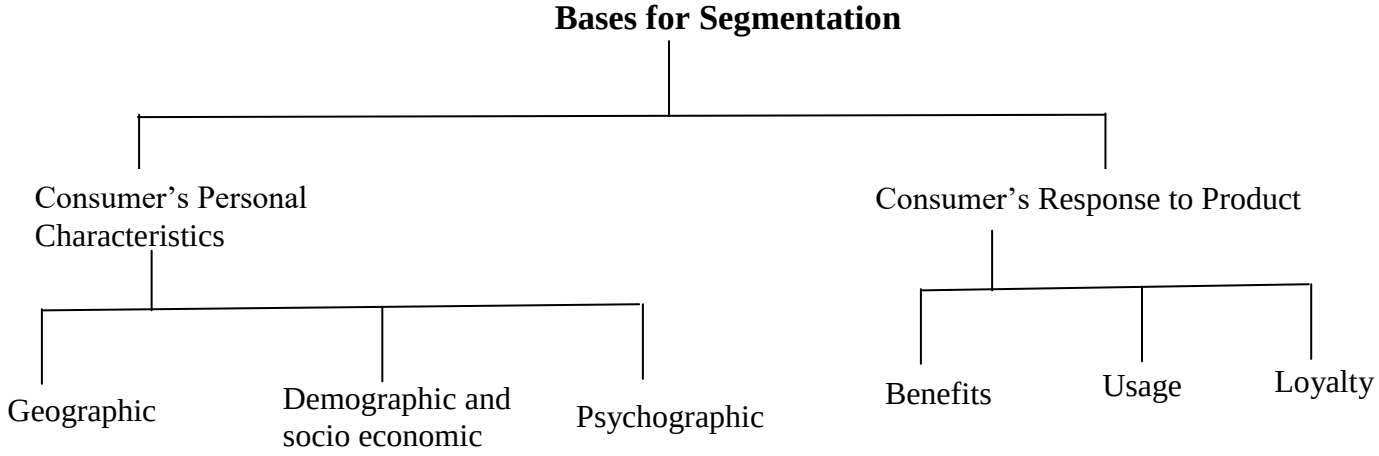
iv. Rationalize policies for existing brand product mixes.

2.2.1 Variables or Bases for Market Segmentation

Two major approaches are used in determining the basis for segmenting a

market. Those approaches are; the consumer personal characteristics approach and the consumer response to product approach.

Fig 2.1 Base for Market Segmentation



Source: **Akpan (2006)**

Segmentation can also be explained along the notion that:

a. Markets rather than being homogeneous are actually heterogeneous.

b. No two buyers or potential buyers of a product are the same in all respects.

c. However, large groups of potential buyers of a product share certain characteristics of distinction.

Thus the two approaches are further highlighted as follows:

a. **Consumer Personal Characteristics Approach:** This approach describes consumers in terms of where they live, who they are and how they think. Most common bases used.

   i. Geographical characteristics.

   ii. Demographic and socio-economic characteristics

   iii. Psychographic characteristics.

b. **Geographic Characteristics:** This is an important basis segmentation calls for diving the market into geographical locations such as nations, regions, states, cities, urban areas, local government areas or neighbourhoods. The company can decide to operate in one, few or all the geographic areas but pay attention to local variations in geographic needs and preferences. For example, a food company like Nestle Pic knowing that one section of Nigeria likes stronger coffee than another, uses the same brand name in both regions but offers a stronger lend in one.

c. **Demographic and Socio-economic Characteristics:** Demography is the study of people in, the aggregate. A demographer is concerned about the size, birth rate, age, geographic migration patterns, education levels of the population etc. Dividing the market into segments or groups based on demographic variables - age, sex, Income, education, family size, occupation, religion, race, nationality, generation, social class, etc, is called demographic segmentation. These are the most popular bases for distinguishing customer groups. One reason is that consumer wants, preference, and usage rates are often closely related or associated with demographic variables. Secondly, 'demographic variables are relatively easy to measure. Some examples of application of demographics in market segmentation are: income for products like electronic equipment's, cars and houses, sex for products like clothing, and cosmetics, 'age for products like books, clothing, shoes, and records in

terms of consumer needs. There are specific descriptions of those in selected market segments, which allow the marketer to find the most efficient and effective ways of serving them.

b. **Analysis of Competition:** Through market segmentation and target marketing, an organization can identify and carefully analyze the efforts of its prime competitors, those companies that have targeted the same markets. Furthermore, marketing manager can use market segmentation to better assess the strengths and weaknesses of the organization and competing firms. Segments where competitor is thoroughly entrenched can be identified.

c. **Response to Changing Market Need:** Market segmentation enables marketers to sense, analyze and respond quickly to the changing tastes and needs of people within a target market. Obviously, the needs of a precisely defined homogeneous group are easier to monitor than those of a sprawling heterogeneous group. For example, when many Americans became more health conscious and weight conscious Coke and Pepsi quickly came up with new diet Coke and Natural fruit juices.

d. **Efficient Resource Allocation:** It allows a more efficient allocation of marketing resources. Even giant organizations have limited resources, and non can compete effectively in every market. The resources of any firm, its people, its time, its money, and machines, can be used more effectively when the right target markets are clearly limited and defined.

e. Effective Strategic Planning: Segment-by- segment analysis of a firm's chosen market lays the foundation for strategic planning. With market segmentation, marketing objectives can be set more precisely, targets can be defined operationally, and performance can be evaluated later against these standards.

f. Finally, market segmentation allows for greater product differentiations, sales and profitability.

2.2.2 Problems of Market Segmentation

Although market segmentation is very beneficial, it could also involve considerable costs and disadvantages.

Firstly, by focusing the marketing efforts upon only part (segment) of the population and ignoring other parts of the organizations decrease the potential market. Some organization may need the patronage of other consumer to realize adequate sales. Some organizations operate in mall cities and often find that market segmentation is not feasible because the total population of such cities can be sq limited that no one segment or set of several segments are large enough to allow for market segmentation.

Secondly, higher cost are incurred through production diseconomies arising from excessive product assortment or modification, R and D (Research and Development) cost, engineering or special tooling cost, inventory problems and carrying costs.

Thirdly, advertising cost or broadly speaking promotional cost and administrative cost increase from planning and executing several different marketing programmes for each segment.

Finally, if the product line is too wide, dealers may not be willing to assimilate all the company's product due to limited shelve space and product differences may be too trivial, and buyers may be unwilling to pay extra for them.

2.2.3 Selecting the Market Segments

Once a firm has evaluated the different segments, the firm must decide which and how many segments to target or serve. Kotler (1997), enumerates five (5) approaches or patterns of target market selection, They are:

1. **Single-Segment Concentration:** In single segment concentration, the company select a single market and produces a product that meet the need of buyers in that segment. A typical example is Volkswagen Automobile that concentrated on the small car' market. Through concentrated marketing the-firms gain a strong knowledge of the needs and want of the segment, achieve strong market position, enjoy operating, economics through specializing its production, distribution, and promotion. However, concentrated marketing involves higher than normal risks. If a particular market turns sour or unattractive, the firm can be push out of business.

2. **Selective Specialization:** In selective specialization the firm select a number of segments, each objectively attractive and appropriate, given the firm's objectives and resources. There may be little or no synergy

among the segments, but each segment promises to be a money-spinner. This multi-segments coverage strategy has the advantage of diversifying the firm's risk. Even if one segment becomes unattractive the firm can continue to earn money in other segments. For example, television and radio broadcaster like British Broadcasting Corporation (BBC) has a station that reports mainly new- land educative programmes and sports. While another BSC FM plays mainly music. The two stations appeal to; two different market segments, the news and music listeners.

3. **Product Specialization:** Here the firm concentrates on marking a certain product that it sells to several segments. An example would be mattress manufacturer that sells mattresses to higher institutions, secondary schools, hospitals and homes. The firm makes different mattresses for those different customer groups, but does not manufacture any other thing(s) that they might use. Through a product specialization strategy, the firm builds a strong reputation in the specific product area. The risk associated with product specialization is that the product may be supplemented by an entirely new technology.

4. **Market Specialization:** Here the firm focuses on serving the many needs of a particular customer group. An example would be a firm that sells an assortment of product for university or polytechnic laboratories, including microscopes, Bunsen burners, chemical flasks, etc. The firm gains a strong reputation for specializing in serving this customer group and becomes a channel 101 all new products that the customer group

could feasibly use. The down side risk is that the customer group may have its budget cut.

5. **Full Market Coverage:** Here a firm attempts to serve all customer groups with all the-products that they might need. Only very large firms can undertake a full market coverage strategy. Examples include IBM (computer market), General Motors (vehicle market), and coco-cola (drink market).

The five pattern of target market selection are shown in Figure 2.2 below.

Figure (2.2): Five Pattern of Target Market Selection

Single – segment concentration				**Selective specialization**				**zProduct specialization**				**Market specialization**				**Full market Specialization**		
M1	M2	M3	P1	M1	M2	M3	P1	M1	M2	M3	P1	M1	M2	M3	P1	M3	M3	M3
			P2				P2				P2				P2			
			P3				P3				P3				P3			

P = Product M = Market Source: Adapted from Derek (1980)

2.3 Market segmentation for Consumer Goods

Michael (2007) observed that, "Consumer opinion research has a well-established track record, stretching over the past five or six decades. Conducting opinion research among businesses, however, is much more problematic. This is particularly evident at the simplest level of analysis, customer segmentation. However, segmentation techniques are evolving and techniques that were common practice in the recent past are rapidly being

supplanted by newer, more meaningful segmentation techniques. The purpose of segmentation is to divide customers into distinct groups, such that marketing messages can be tailored to their specific needs. There are some general criteria for the establishment of these distinct groups. The groups of customers, or segments, should share more commonalities within each group than there are between groups.

The segments should also be large enough for organizations to mount cost effective campaigns, and should be reachable through most media avenues. The simple demographic based segmentation approaches gave way to psychographic segmentation, focusing on lifestyle choices. If the firm provides goods and services to other businesses, it may be time to take a solid look at your segmentation techniques. Though the process can be resource intensive, it can be accomplished as an evolutionary process that gradually adds more information and understanding to the firm's decision processes, and ultimately to the firm's profitability."

Polpinij (2004) opined that, "Due to competitive market, many firms' operators are constantly searching for alternative methods to supplement their income. One method of business is market segmentation analysis. Consequently, the classical approaches to segmentation such as demographic and behavioural segmentation schemes are well known. Entrepreneurs may segment their market on the basis of demographic characteristics such as age, income, or gender and geographic concentrations of consumers with the desired attributes. Demographic variables are a critical component to market segmentation

because demand for most products is related to factors such as age, income, and race. This research analyzes about automobile data by Back propagation artificial neural networks which one of machine learning technique for determining market plans. It used for classifying the group of geographic concentrations of consumers. When the segment model finished, it shown classifying model for analyzing concentrations of consumers.

The third segment of the automobile is favourable, the mostly of group C is the Japanese car. The result from this analysis can be used to help determine marketing plans, particularly promotion, and to help companies retain and regain market share."

Debra (2009) stated that Successful marketing usually occurs when you speak precisely to your target audience. Market segmentation helps you achieve that precision. Once you go through the exercise, you may choose to market to only one segment within your target market at any one time or you may choose to reach multiple segments simultaneously. In either case, you now can develop marketing messages that speak to your target segments, activities that are geared towards these segments, and clarity around your business that attracts clients like a magnet."

The London school of hygiene and tropical medicine write in the research report, using promotion will grow the market for soaps both by increasing consumption and by introducing new customers. The poorer sections of society are the poorest served by the market but the fastest growing in terms of numbers.

Purchasing power in the poorer segments is not increasing as rapidly as unsatisfied demand, highlighting the need to find cheaper products. The market for soap products is largely mature in developed markets and displays stagnant growth. The growth potential in developing countries is huge, but there are many obstacles to expansion. Recent growth in the mature developed world market reflects the heavy promotion of new product formulations, notably liquid hand soaps with or without antibacterial. The future is likely to see trends towards ‘natural’ products, and those with added value, further efforts at brand extension by the big players and further price competition leading to growth in the share of supermarket own label products.

In developing and emerging markets, the drivers of growth have been aspiration and growing populations. Increasing disparity of income, and increased consumption by the elites drives aspiration In the poorer segments. So does hugely expanded access to TV and communications. Products will be needed to satisfy these aspirations in poorer segments. The factors that are likely to encourage soap marketing and consumption, in developing countries in the future, they are; more discriminating educated and aware consumers, growth of the media, especially TV, improvements in transportation and communication networks, innovative R&D for raw materials and finished products, growth of supermarkets and retail outlets, high speed packaging machines and attractive packaging materials, state of the art technology to enhance productivity and reduce cost, increasingly talented advertising and market research agencies, liberalisation of markets and growth in free trade.

Jaspreet and Hari (2007) wrote that we opened our country to foreign brands. As per this liberalization policy many a foreign players ventured into our country finding it a lucrative large mass market. They studied the coping strategies of Indian players in competition to the MNC companies. It studied those Indian players who have stood out in this competition and have been successful in doing so. India’s market potential lures foreign companies. However, local consumers and rivals have tripped many up. For foreign companies, doing business in India can be wrenching. Its demanding consumers can be difficult to read, and local rivals can be surprisingly tough. For most of its postcolonial life, India has shut out the world, adhering to a socialist ideal of self- reliance.

Policymakers have been struggling for the past 16 years to attract capital and ignite growth. In 1991, the government dramatically rejected its socialist past and admitted foreign investors. The idea was to enlist foreign companies' aid to turn India into another Asian Tiger, where cheap labour, English speaking workforce, a vast new middle class, and a democratic government would create a wave of prosperity. Now, the international companies that ventured in after 1991 are tallying their profits and losses and wondering what the future holds for this market of 950 million people. A primary lesson, especially for consumer goods companies, is not to be dazzled by India's size. Many investors accepted government estimates that India's middle class numbered 250 million. However, according to a recent survey of consumer patterns conducted by the National Council on Applied Economic Research in Delhi, India's consumer

class probably totals 100 million at best and there's much stratification among them. People in Madras, for example, have tastes vastly different from people in Punjab. 'Different states have different consumption patterns and customs.

Multinationals in the grocery, durable goods, and packaged goods sectors have been entering India since 1991, when restrictions on foreign investment were relaxed. Some companies have adopted a specialty player strategy, catering to a small segment of "global Indians" and marketing products much as they would be marketed to any such customer around the world. These companies concentrate on a few big cities. Their business model is low risk and easily rolled out, can often be sustained initially through imports, and requires a limited distribution network.

Although businesses of this kind can be profitable, their sales volumes are typically modest and will grow only as fast as the segment does (Bharadwaj V. T, Gautam M. S, and Ireena V. S. (2007) for many years, community development goals were philanthropic activities that were seen as separate from business objectives, not fundamental to them. ‘Doing well’ and ‘Doing good’ were seen as separate pursuits. That is changing. Today, the emergence of cause marketing programs, have heralded a dramatic shift in nonprofits for profit relationships. It has established the concept that community development and support could be positioned at the intersection of business objectives (sales/profits) and societal needs. Supporting a specific cause and being public about this support gives companies identifiable personalities, demonstrates what they stand for, and helps them connect with customers, suppliers,

investors, employees, and the community. Cause marketing programs allow the consumers to overtly and publicly express their belief in and support for, the causes that are most important to them.

2.4 Theoretical Framework

The theory of market segmentation is based on the fact that the behaviour of each consumer within a given market is too diverse for any organization to study and address to an individual level (Sohi, 1996; Cui and Choudhury, 2002; Baltas, 2005; Kalchschmidt, Verganti and Zotteri, 2006 and Gonzalez Benito, Martinez Ruiz and Molla Descals, 2008). As a result, market segmentation, according to Goodstein, Nolan and Pfeiffer (1993), is used to divide the market into groups of individuals that are characterized by similar preferences, so as to enable the identification of those that are the most interested in a particular product offer or marketing proposition (and thus appropriate for targeting). In doing that, it allows organizations to study in depth the factors that influence the purchase decision of the target segments, thus increasing their understanding on the behaviour of the consumers and enabling the formulation of marketing strategies that are relevant and accurate (Hassan and Craft, 2005). The benefit in exploiting a market segment rather than the market as a whole is that the individuals between the market segments have different preferences and price elasticity. Hence, providing the opportunity to organizations, to charge different prices by differentiating the same products to the needs or wants of each segment (Dickson and Ginter 1987; Croft 1994; Wyner 1995;

Kara and Kaynac, 1997; Webber 1998; Levin and Zahavi, 2001; Hassan, Craft and Kortam, 2003 and Wenstein, 2004).

However, according to Jenkins and McDonald (1997) and Dolnicar (2005), in order for market segmentation to take place, the market under study has to be grouped into segments, the tools that research whether such segments exist are the data mining methods (Hoek, Gendall and Esslemont, 1996; Wedel and Kamakura, 2000 and Luan, 2001). More specifically, the data mining methods that determine whether segments of consumers that can become potential customers exist are the target selection models. Target selection models aim to specify the target audience for a particular product by identifying the profiles of customers that have shown an interest in that product in the past through the analysis of customer data obtained from similar previous marketing campaigns (Kaymac, 2001).

2.5 Customer Satisfaction

A review of the existing literature indicates a wide variance in the definitions of satisfaction. The lack of a consensus definition limits the contribution of consumer satisfaction research. Without a uniform definition of satisfaction, researchers are unable to select an appropriate definition for a given context; develop valid measures of satisfaction; and/or compare and interpret empirical results, Consumer satisfaction researchers have contended that these problems are pervasive and important (Gardial, Clemons, Woodruff, Schumann, and Bums 1994; Peterson and Wilson 1992; Yi 1990). However, Angelova and Zekeri, (2011) defined Customer satisfaction as the outcome felt by those that

have experienced a company's performance that have fulfilled their expectations. Many researchers and academicians highlight the importance of customer satisfaction. Many researchers see that customer satisfaction has a positive effect on organization's profitability. Much empirical evidence also shows the positive connection between customer satisfaction, loyalty and retention. Nowadays all companies are realizing the significance of delivering and managing service quality, which leads to customer satisfaction. Service quality that is delivered can meet or exceed customers expectations are mainly influenced by customer's prior expectations.

According to Hansemark and Albinson (2004) "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desire ". Customer loyalty on the other hand refers to a deeply held commitment to re-buy a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997). Customer Satisfaction has been a central concept in marketing literature and is an important goal of all business activities. Today, companies face their toughest competition, because they move from a product and sales philosophy to a marketing philosophy, which gives a company a better chance of outperforming competition (Kotler, 2000). Overall customer satisfaction translates to more profits for companies and market share increase. The importance of customers has been highlighted by many researchers and academicians. The principal concern of marketing is

to connect with customers by building a strong customer relationship in order to meet their expectations. At the top are customers, next according to the importance are front-line people who meet, serve, and satisfy customers, under them are middle managers, whose job is to support the front-line people so they can serve customers well, and at the base is top management, whose job is to hire and support good middle managers. For customer- centered companies, customer satisfaction is both a goal and a marketing tool. Therefore, companies need to be concerned about the customer satisfaction level, because of the internet technology which enables the quick spread of bad word of mouth marketing, as well as good word of mouth to the rest of the world. Customers Front-line people Middle Management Top Management whose job is to hire and support good middle managers. For customer-centered companies, customer satisfaction is both a goal and a marketing tool. Therefore, companies need to be concerned about the customer satisfaction level, because of the internet technology which enables the quick spread of bad word of mouth marketing, as well as good word of mouth to the rest of the world. Researchers have tried to define customer satisfaction and in general they have defined it as transaction process. Oliver (1981) defined satisfaction “as a summary of psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience" (pp. 24). Kotler (2000) defined satisfaction as: “a person’s feelings of pleasure or disappointment resulting from comparing a product perceived performance (or outcome) in relation to his or her

expectations". According to Hansemark and Albinsson (2004) "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire".

Furthermore, researchers differentiate between attitude and satisfaction. So an attitude is a perceived service quality whereas, satisfaction is related to a specific transaction. Oliver (1981) summarizes the transaction-specific nature of satisfaction, and differentiates it from attitude, as follows: Attitude is the consumer's relatively enduring affective orientation for a product, store, or process (e.g., customer service) while satisfaction is the emotional reaction following a disconfirmation experience which acts on the base attitude level and is consumption-specific. Parasuraman et al. (1988) distinguish service quality and satisfaction: "perceived service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction". Customer satisfaction as an attitude is like a judgment following a purchase act or based on series of consumer-product interactions (Yi, 1989).

Customer satisfaction has a positive effect on an organization's profitability. The more customers are satisfied with products or services offered, the more are chances for any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth marketing. Customer satisfaction leads to repeat purchases, loyalty and to customer retention (Zairi, 2000). Satisfied customers are more likely to repeat buying products or

services. They will also tend to say good things and to recommend the product or service to others. On the other hand dissatisfied customers respond differently. Dissatisfied customers may try to reduce the dissonance by abandoning or returning the product, or they may try to reduce the dissonance by seeking information that might confirm its high value (Kotler, 2000). Companies need to develop strategies of how to handle dissatisfied customers. Businesses cannot afford under any condition to lose customers, because the cost of replacing the lost customer with a new customer is bigger. Therefore, companies must find ways of winning back the unsatisfied customers by designing special programs for service recovery. Companies should handle customer complaints with care and not seeing them as a time consuming (Angelova and zairi,2011)

2.5.1 **Customer Expectations**

Expectations play an important role in the satisfaction formation. The extent to which a product or service fulfills a customer's need and desire may play[5]an important role in forming feelings of satisfaction because of the impact of confirmation or disconfirmation that have on satisfaction. Consumers expect to be delivered quality products and services; therefore companies try to offer quality products and services. The term expectations really matters to companies because they want to know what customers' expectations are. The term "expectations" has different uses, in the satisfaction literature, it is viewed as a prediction made by a consumer about what is likely to happen during an exchange or transaction. According to Oliver (1981) "... expectations are

consumer-defined probabilities of the occurrence of positive and negative events if the consumer engages in some behavior" (pp.25-48).

In the contrast, in the service quality literature it is defined as desires and wants, what a service provider should offer rather than would offer. Customers form their expectations from their past experience, friends' advice, and marketers' and competitors' information and promises (Kotler, 2000). Therefore, perceived service quality is viewed as the difference between consumers' perceptions and expectations for the service provided. Organizations in order to keep expectations from rising, they have to perform services properly from the first time (Parasuraman et al. 1988). Thus, customer expectations for the service are likely to rise when the service is not performed as promised. Expectations serve as reference points in customer's assessment of performance (Cronin& Taylor, 1992). Thus, retailers can increase customer satisfaction by decreasing customer expectations.

2.5.2 **Customer Perception**

Perception is an opinion about something viewed and assessed and it varies from customers to customers, as every customer has different beliefs towards certain services and products that play an important role in determining customer satisfaction. Customer satisfaction is determined by the customers' perceptions and expectations of the quality of the products and services. In many cases, customer perception is subjective, but it provides some useful insights for organizations to develop their marketing strategies. Providing high level of quality service has become the selling point to attract customer's

attention and is the most important driver that leads to satisfaction. Therefore, customer perception and customer satisfaction are very closely linked together, because if the perceived service is close to customer's expectations it leads to satisfaction. Satisfied customers provide recommendations; maintain loyalty towards the company and customers in turn are more likely to pay price premiums (Reichheld, 1996)

2.5.3 Customer Loyalty

Customer loyalty is a crucial factor in companies' growth and their performance. Loyalty is linked with the repeat business. Thus, a customer is loyal when he is frequently repurchasing a product or service from a particular provider. Oliver defines loyalty as "A deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour" (cited by Kotler, 2000).

The perceived value from the product and the service affects customer judgement about his/her satisfaction or loyalty with the product or the service. The significance of customer loyalty is that it is closely related to the company's continued survival and to strong future growth (Fomell, 1992). Customers that are very satisfied with a company are very likely to remain with that company that leads to future revenue for the company. It is now a widely accepted business theory that customer retention optimizes profitability; the cost of acquiring new customers is higher than the cost of retaining existing customers. Therefore, the aim of a service company is to satisfy their customers

in order to stimulate them to retain and to repeat their service purchase.

2.5.4 Customer Relationship Marketing

Customers are very different nowadays, because of their exposure to information, they are better educated, and more demanding in the products and services they require, and they are more familiar with technology. The 21st century consumer market raises many questions to those businesses that need to respond to this new era of consumerism. Customer Relationship Marketing is a practice that includes all marketing activities directed toward establishing, developing, and maintaining successful customer relationships. Building and maintaining relationships with customers has become a key strategic point with service industries. Therefore, relationship marketing develops longterm relationships and improves corporate performance through customer loyalty and customer retention. A research conducted by Reichhold and Sasser (2002) of the Harvard Business School showed that, most customers are only profitable in the second year that they do business with you. Companies spend money on advertising and marketing and finding out about what customers want in order to satisfy their needs and requirements. Managers can use relationship management (CRM) as the single strongest weapon to ensure that customers become and remain loyal.

In the literature review concerning relationship marketing there are some definitions by some scholars. Berry (1986) thinks that *"Relationship marketing is the attraction, maintaining and enhancing customer relationships. The marketing mind set is that the attraction of new customers is merely the first*

step in the marketing process" (pp 47-51). Gronroos (1994) defined it: "*Relationship marketing is to identify and establish, maintain and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met; and that this is done by mutual exchange and fulfillment of promises" (pp. 4-21).* Relationship marketing is an approach that leads to a trusting rapport between the parties involved in business. It is not only important to get customers and create transactions, but also maintaining and enhancing ongoing relationships. Relationship Marketing has evolved from other marketing aspects and it has the potential to draw together the various streams of marketing into one as a whole (Payne, 1993). Since the early 1990s, academics and consultants have promoted the idea that marketing practice should focus upon identifying and serving the organization's best customers and prospective customers. In other words, they support the effectiveness versus efficiency argument. Reichheld and Sasser (1990) demonstrated that even °a small increase in customer retention produced a dramatic and positive effect on profitability. Increasing the customer retention rate from, say, 85 per cent to 90 per cent represented a net present value profit increase from 35 per cent to 95 per cent among the businesses they examined.

2.5.5 Customer Satisfaction Measurements Models

Companies try to maintain their loyalty with their customers by improving product and service quality. As a result in the last decade, many indices have been developed in order to measure consumer satisfaction across a wide range of organizations. Thus, the customer satisfaction index (CSI) is used to

measure companies and organizations how they satisfy customers' needs. The CSI's model can be also used for comparing services and products within an industry. Most countries have set their own customer satisfaction indices to measure customer satisfaction and the business performance of companies and organizations. The first truly national customer satisfaction index was the Swedish Customer Satisfaction Barometer, or SCSB, developed in 1989. The SCSB includes 31 major Swedish industries. The original Swedish Barometer used perceived value and a single measure of customer expectations (Fomell, 1992). In Germany, the Deutsche Kundenbarometer, or DK, was introduced in 1992 and as of 1994 also includes 31 industries.

The scores that are achieved in customer satisfaction surveys are used to create a customer satisfaction index or CSI. There is no single definition of what comprises a customer satisfaction index. Some use only the rating given to overall performance. Some use an average of the two key measurements-overall performance overall performance and the intention to (an indication of loyalty). Yet others may bring together a wider basket 01 issues to form a CSI.

The average or mean score of satisfaction given to each attribute provides a league table of strengths and weaknesses. As a guide, the following interpretation can be made of scores from many different customer satisfaction surveys:

Scores	What This Means
Mean scores of over 8 out of **10** Mean scores of 7 to 8 out of **10** Mean scores of below 7 out of 10	Market leader, excellent supplier Adequate but needs attention Serious cause for concern. Company will almost certainly be losing market share (except for the score given to price - here a high satisfaction

Other researchers prefer to concentrate on the "top box" responses - those scores of 4 or 5 out of 5 - the excellent or very good ratings. It is argued that these are the scores that are required to create genuine satisfaction and loyalty. In their book 'The Service Profit Cham , Heskett, Sasser and Schlesinger argue that a rating of 9 or 10 out of 10 is required on most of the key issues that drive the buying decision. If suppliers fail to achieve such high ratings, customers show indifference and will shop elsewhere. Capricious consumers are at risk of being wooed by competitors, readily switching suppliers in the search for higher standards. The concept of the zone of loyalty, zone of indifference and zone of defection as suggested by the three Harvard professors (JL Heskett, The Service Profit Chain; The Free Press; New York 1997)

2.5.6 **American Customer Satisfaction Model**

The American Customer Satisfaction Index (ACSI) is the national indicator of customer evaluations of the quality of goods and services available to U.S. residents since 1994. It is the only uniform, cross-industry and government

measure of customer satisfaction. It produces indices of satisfaction, its causes and effects, for seven economic sectors, 39 industries, 200 private sector companies, two types of local government services, and the U.S. Postal Service.

The Customer Satisfaction Index is a weighted average of three questions. The questions are answered on a 1-10 scale and converted to a 0-100 scale for reporting purposes. The three questions measure: The ACSI model is a cause-and-effect model with indices for drivers of satisfaction on the left side (customer expectations, perceived quality, and perceived value), satisfaction (ACSI) in the center, and outcomes of satisfaction on the right side (customer complaints and customer loyalty). The indexes (shown in the diagram below) are multivariable components measured by several questions that are weighted within the model. The questions assess customer evaluations of the determinants of each index. Indexes are reported on a 0 to 100 scale. The survey and modeling methodology quantifies the strength of the effect of the index on the left to the one to which the arrow points on the right. These arrows represent “impacts.” The ACSI model explains customer satisfaction (ACSI) on customer loyalty. Looking at the indexes and impacts, users can determine which drivers of satisfaction, if improved, would have the most effect on customer loyalty.

Perceived Quality is the first determinant of overall customer, which is the served market's evaluation of recent consumption experience, and is expected to have a direct and positive effect on overall customer satisfaction.

Perceived Value is the second determinant of overall customer, or the perceived level of product quality relative to the price paid. Perceived value is a measure of quality relative to price paid. Although price is often very important to the customer's first purchase, it usually has a somewhat smaller impact on satisfaction for repeat purchases.

Customer expectation is the third determinant of overall satisfaction, which measures the customer's anticipation of the quality of a company's products or services. Expectations represent both prior consumption experience, which includes some no experiential information like advertising and word-of-mouth, and a forecast of the company's ability to deliver quality in the future.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study is focused on the effect of market segmentation as a strategy for customer satisfaction; A case study of Nestle Foods Nigeria PLC. This chapter presents the research methods and procedures used in the study. In terms of contents, the chapter is approached from the following sub-headings:

i. Research Design.

ii. Population of Study.

iii. The Sample Size.

iv. The Sampling Technique.

v. Measuring Instrument.

vi. Validity/Reliability.

vii. Method of Data Analysis.

3.2 Research Design

Survey research technique will be used in this study. This technique has proved to be very efficient tor this study, in view of the wealth of data and interpretation it can provide for this study.

There seem to be little or no disagreement over the meaning of survey research. As generally conceived, a survey research is one in which a group or items is studied by collecting and analyzing data from group of people or items considered to be representative of the entire group. The survey plan or survey design specifies how such data would be collected and analyzed. Survey

research also requires a good deal of research knowledge and sophistication. As regards to these reasons, survey design was considered as the best method of data collection for this study.

3.3 Population of the Study

The population in this study is the Entire Staff of Nestle Foods Nigeria PLC and their consumers in Keffi local government. The population of the Keffi Local Government Area as According to the 2006 census figure is about 92,664 people.

3.4 Sample Size

A study may entail a large population which cannot be studied, therefore that portion of the population that is studied is called sample. A sample is a smaller group of elements drawn through a definite procedure from a specified population. The elements that make up this sample are those that are actually studied. Based on the data collected from the sample, generalizations or inferences about the population are made. According to Okeke (2005:73) under complete enumeration the expectation is that more faith would be placed in the findings of the sample rather than a population, because it will be impossible to study the entire population in any scientific study.

Therefore it is impossible to study the whole Keffi local government in view of the large size of the population. These factors made the researcher to select a sample size of One Hundred (100) using the simple random sampling method.

Therefore, the sample size of this study is One Hundred and twenty (120) which was arrived at by randomly selecting One Hundred (100) respondents

from the population of Keffi Local Government Area, which is 92,664 (2006, Census); coupled with Twenty (20) respondents randomly selected from the members of staff of Nestle Foods Plc.

3.5 Sampling Technique

A total of 20 respondents from the member of staff of Nestle Foods PLC will be administered with a structured questionnaire and also 100 copies of questionnaire will be administered to Nestle foods customers in Keffi Local Government Area.

Simple random sampling is employed to select 100 respondents which will be administering a well structured questionnaire by the researcher with the help of trained assistants.

3.6 Measuring Instrument

The measuring instrument for this study is questionnaire. The questionnaire contained a set of close ended questions and open ended questions. Two set of questions were designed One to the staff of Nestle Foods and the other the customers of Nestle Foods in Keffi to guide the respondents' answers and to know their opinion about the effect of market segmentation as a strategy for customer satisfaction.

The first section of the questionnaire will focus on the demography of the respondents, the second section focused on questions concerning issues of customer satisfaction. Therefore the impact of the Microfinance bank on the development Keffi local government will be determined if the respondents answer the research questions.

3.7 Validity and Reliability

During this study, copies of the questionnaire will be given to experts/ Lecturers for validation so as to ensure not only the face validity of the questionnaire but also the content validity and also to check, the aspect of clarity, appropriateness of language, instructions to the respondents etc. The members of the experts will determine the effectiveness of the exercise, and also determine the suitability/relevance of the research questions and the objective of the study. The validation exercise of the questionnaire was done this way to ensure its validity.

A pilot test on a sample of those whom, would be used in the main study will be done in this study; to check and ensure the reliability of the questionnaire.

The reason for this, is to see how the respondents would react to the questionnaire; whether the items are clear enough and easily understood, whether there is need to include more items in certain areas or whether there are some items to which they would not like to respond etc.

A reliability test will carried out on 20 respondents randomly selected from Keffi Local Government Area.

3.8 Procedure for Data Analysis and Model specifications

In analyzing the data collected, simple descriptive statistics were used for data analysis in this study.

In testing the hypothesis, the chi-square **(X^2)** method was used. The reason for the choice of this method is that data are discrete and variables studied are independent of one another; it is also simple to use. The chi-square formula is

given as:

$$X^2_c = \frac{\Sigma(fo-fe)^2}{fe}$$

Where:

X^2_C = Calculated value of chi-square X $^{=}$ Summation

FO = Observed Frequencies FE = Expected Frequencies

To arrive at the expected frequencies (Fe), the following formula is relevant.

$$Fe = \frac{CT \times RT}{N}$$

Where:

FE = Expected Frequency

CT = Column Total

RT = Row total

N = Grand Total

Hence:

$$\text{Expected frequency} = \frac{\Sigma fe}{N}$$

Where:

Σ = Summation

FE = Expected Frequencies

N = Grand Total Number of Responses

The Degree of Freedom is given as:

DF = (C - 1) (R - 1)

Where:

DF = Degree of Freedom

R = Number of Rows

C = Number of Columns

The Level of Significance is 0.05 (5%)

Decision Rule

The test statistics X^2T and the critical value X^2C are compared. Where the test statistic is greater than or equal to the critical value, then the null hypothesis will be accepted, while the alternative hypothesis will be rejected at the same significance level of 0.05 Thus:

Where $X^2T > X^2C$ $\rightarrow$ Accept the Null hypothesis

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

4.1 Introduction

The effect of market segmentation on the performance Nestle foods Pic was investigated descriptively. Data collected through questionnaire form the basis of presentation and interpretation. Two sets of Questionnaires was designed, hence a total of 120 questionnaires were drawn and distributed to various respondents. Twenty was for the staff of Nestle foods and one hundred was for consumers of Nestle foods in Keffi Nasarawa State, of which only 82 questionnaires were fully attended to and returned back by the consumer and all the twenty questionnaires for the staff of nestle were fully returned.

4.2 Demographic Characteristics

Table 4.1: Sex of the Respondents of staff of Nestle foods

Variable	No. Responses	Percentage (%)
Male	12	60
Female	8	40
Total	**20**	**100**

Source: Field Survey *2018*

Table (4.1) above, shows that there are 12 (60%) of male respondents and 8 (40%) of female respondents. This is an indication that there are more male members of staff than the female in this company.

Table 4.2: Sex of respondents of consumers of nestle foods in Keffi

Variable	No. Responses	Percentage (%)
Male	45	68
Female	37	42
Total	82	**100**

Source: Field Survey *2018*

Table 4.2 above showed that 45(68%) of the respondents in Keffi are males whereas 32 (42%) of the respondents are females.

Table 4.3 Age of the respondents of staff of Nestle Foods

Variable	No. Responses	Percentage (%)
18-20	-	-
26-35	8	40
36-45	10	50
45 and above	2	10
Total	20	**100**

Source: Field Survey *2018*

Table (4.3) above, shows that no member of staff is between the ages of 18-25, 40% are between the ages of 36-45 and 10% are between the age of 45 and above.

Table 4.4: Age of respondents of respondents from Keffi

Response	Frequency	Percentage (%)
18-30	15	18
31-40	35	42
41-50	20	24
51 above	12	14
Total	82	**100**

Source: Field Survey *2018*

The above table shows that majority of the respondents are adults that fall within the active group of the population sampled and they should be able to contribute in respect of the subject matter.

Table 4.5: Marital Status of the Respondents of staff of Nestle foods

Variable	No. Responses	Percentage (%)
Single	14	70
Married	6	30
Divorced	-	-
Separated	-	-
Total	20	**100**

Source: Field survey 2018

Table (4.5) above, indicated that 70% of the respondents are single and 30% are married, while non is divorced or separated as the case may be.

Table 4.6: **Marital Status of Respondents in Keffi**

Response	**Frequency**	**Percentage (%)**
Single	22	26
Married	50	60
Divorced	10	12
Total	82	**100**

Source: Field survey 2018

The result of the table above showed that most of the respondents are married as compared to the respondents that are single, divorced, widow and widower. It implies that these respondents are people of matured mind and independent people who can do justice and contribute on this study on how microfinance impact on entrepreneurial development.

Table 4.7: Educational qualification of the respondents of staff of Nestle Foods

Variable	**No. Responses**	**Percentage (%)**
SSCE	-	-
Diploma/NCE	5	25
B.SC/HND	12	60
PGD/MBA	3	15
Other	-	-
Total	**20**	**100**

Source: Field Survey 2018

Table (4.7) above, proved that 25% of the respondents have Diploma/NCE as their highest qualification, 60% and 15% of the respondents have B.Sc/HND and PGD/MBA respectively; while no respondents has SSCE and others.

Table 4.8: Educational qualification of respondents in Keffi

Response	Frequency	Percentage (%)
Primary Education	10	12
Secondary Education	42	51
Tertiary Education	20	24
Others	10	12
Total	**82**	**100**

Source: Field survey 2018

The above table describes the educational qualifications of the respondents and with the majority being secondary and Tertiary education certificate holders, it shows that they are at least knowledgeable of the effect of Market segmentation as a strategy for customer satisfaction; it enhance the strength of the study.

Market segmentation as a strategy for customer satisfaction

Question: Does the practice of market segmentation help satisfy your customers?

Table 4.9: Response to the practice of market segmentation

Variable	**No. Responses**	**Percentage (%)**
Yes	17	85
No	-	-
Partially	3	15
Total	**20**	**100**

Source: Field Survey 2018

Table (4.9) above, reveals that 85% of the respondents strongly agreed that the practice of market segmentation helps to satisfy customers better, while 15% claimed that the practice partially satisfy customers.

Question: How does the company segment the market for its products?

Table 4.10: Bases for market segmentation of products in Nestle foods

Variable	No. Responses	Percentage (%)
Income	10	50
Age	5	25
Family size	2	10
Occupation		-
Social class	-	-
Religion	-	-
Taste	3	15
Nutrition Benefit	-	-
Others	-	-
Total	**20**	**100**

Source: Field Survey 2018

From table (4.10) above, 10% of the respondents are of the view that the company segmented the market for its products based on the income of its customers, 25% claimed it is based on age, 10% claimed it based on family size, while 15% are of the view that taste is the basis.

Question: What are the criteria considered in selecting the segmented market **by Nestle foods Nigeria Pic?**

Table 4.11: Criteria for selecting market segment **by** Nestle Foods

Variable	No. Responses	Percentage (%)
Measurability of the market	6	30
Size ability of the market	5	25
Accessibility of the market to the company's sales people.	3	15
Market responsiveness at times of charge	4	20
in marketing mix		
All of the above	2	10
Total	**20**	**100**

Source: Field survey 2018

From table (4.11) above, 30% of the respondents holds the view that the market segment of the company are selected based on how measurable certain characteristics like income or location of customers is to the company. 25% said it is the size ability with emphasis on how large and profitable enough it could serve the market. 15% claimed that it is accessibility to know how reachable the market may be to the advertising and salespeople of the company. However, 20% claimed otherwise and opine that the company's market is selected on the criteria of how responsive the market is to changes in marketing mix.

Question: What are the identified problems in satisfying customers since the company started practicing segmentation?

Table 4.12: Identified problems in satisfying customers since the commencement of segmentation

Variable	No. Responses	Percentage (%)
increase in marketing cost	9	45
Problem of replacing old technology	1	5
with new ones		
Over segmentation of the market	3	15
High cost of production	6	30
Problem of wide product line	1	5
Customers not better served.	-	-
Others (pls. specify)	-	-
Total	**20**	**100**

Source: Field Survey 2018

In table (4,12) above, 45% of the respondents claimed that the company is faced with problem of high cost of marketing since the company started practicing segmentation to satisfy their customers. However, only 5% agreed it is the problem of replacing obsolete or old machines and equipment's with view ones. 15% believe that it is the problem of over-segmentation of the market as a result of making many forms of products to appeal to many categories of their customers, while 30% of the respondents claim that the

problem is high cost of production. Nevertheless, 5% claim otherwise, observing that the company is faced with the problem of too much or wide product line.

Question: Has these problems been tackled? Table 4.13: Solution to the identified Problems

Variable	No. Responses	Percentage (%)
Yes	15	75
No	5	25
Total	**20**	**100**

Source: Field Survey 2018

In table (4,13) above, 75% of the respondents claimed that the above highlighted problems have been tackled while 25% of the respondents claimed otherwise.

Question: What effect does market segmentation have on the company's sales turnover?

Table 4.14: Effect of market segmentation on company's sales turnover.

Variable	No. Responses	Percentage (%)
Increases	20	100
Decreases	-	-
No effect	-	-
Total	**20**	**100**

Source: Field Survey 2018

In table (4.14) above, 100% of the respondents agreed that market segmentation greatly increases the company's sales turnover.

Question: Of what benefit is market segmentation to this company. Table 4.15: Benefit of market segmentation to the company

Variable	No. Responses	Percentage (%)
Increase in the whole of sales turnover.	4	20
Building customer loyalty.	2	10
Provides satisfaction to customers	6	30
Increase in profit	6	20
Efficient allocation of resources.	1	5
Helps to respond to changing market needs	2	10
Differentiate the company's product from its competitors.	1	5
All of the above	-	-
Total	**20**	**100**

Source: Field Survey 2018

Lastly, table (4.15) above, 20% of the respondents observe that market segmentation benefits the company because it increases the whole of the company's sales turnover. However, 10% claimed it builds customer loyalty, while 30% confirmed that it provides satisfaction to customers. But of the respondents believe that (20%) it increases the company's profit while 5% claimed it helps in efficient allocation of the company's resources. Also, 10% of the respondents indicate that segmentation benefits the company by

responding quickly to changing market needs, while 5% of the respondents are of the view that market segmentation benefits the company by differentiating the company's product from its competitors.

Customer Satisfaction Survey

Question: Do you patronize any of Nestle Foods products

Table 4.16: Patronage of customers of nestle foods.

Variable	No. Responses	Percentage (%)
Yes	75	91
No	7	9
Total	**82**	**100**

Source: Field Survey 2018

The table above Revealed that 75(91%) of the respondent agree that they patronize nestle foods products where as little as 7(9%) Say they do not patronize nestle foods products.

Question: What is **your overall satisfaction of the product (rate on a scale of 1-10)**

Table 4.17: Rating on satisfaction of product

Variable	No. Responses	Percentage (%)
Scale 1-2	2	2,4
Scale 3-4	5	6.0
Scale 5-6	15	18.2
Scale 7-8	55	67.0
Scale 9-10	5	6.0
Total	**82**	**100**

Source: Field Survey 2018

Table 4,17 above shows that five (5) respondents representing 6% of the 'respondents rated nestle foods products on a scale of 9-10, fifty five (55) other respondents representing 67% of the respondents rated nestle products on a scale of 7-8,whereas fifteen respondents representing 18 % of the respondents rated the company's product on a scale of 5-6, five respondents representing 6% of the respondent rated the company's product between 3-5 and two respondents rated their products on the a scale between 1-2.

Question: How likely or unlikely are you going to buy the product again?

Table 4.18: How likely the customer will buy the company's product.

Variable	No. Responses	Percentage (%)
Very soon	55	67
Soon	20	24
Not any time soon	10	12
Not At all	2	2
Undecided	-	-
Total	**82**	**100**

Source: Field Survey 2018

From the table above it was revealed that 55(67%) of the respondents indicated they will buy again nestle products very soon, 20(24%) of the respondents indicated they will buy soon, whereas 10(12%) of the respondents indicated they will not buy any time soon and only 2(2%) of the respondents indicated they will not buy at all.

Question: How likely or unlikely are you going to recommend Nestle foods products to a friend?

Table 4.19: How likely a customer will recommend Nestle foods Products

Variable	No. Responses	Percentage (%)
Very soon	28	34
Soon	47	57
Not any time soon	10	12
Not At all	2	2
Undecided	-	-
Total	**82**	**100**

Source: Field Survey 2018

From the table above it was revealed that 28(34%) of the respondents indicated they will recommend nestle products very soon, 47(57%) of the respondents indicated they will recommend Nestle Products soon, whereas 10(12%) of the respondents indicated they will not recommend any time soon and only 2(2%) of the respondents indicated they will not recommend at all.

Question: Which of the following factors do you consider most?

Table 4.20: Factors considered when buying Products

Variable	No. Responses	Percentage (%)
Quality of products	30	37
Length of life of products	15	18
Product design	10	12
Consistency of quality	23	28
Range of products	4	5
Total	**82**	**100**

Source: Field Survey 2018

Table above shows that 30(37%) of the respondents indicated they Buy products because of its quality, 15(18%) of the respondents indicated they buy Nestle Products because of its length of life of the product, whereas 23(28%) of the respondents buy products because of the products consistency in quality/10(12%) of the respondents indicated they buy the product because of the product design only 4(5%) of the respondents indicated they buy because of the range of the products.

Question: How long have you been patronizing Nestle foods products?

Table 4.21: Patronage of Nestle foods products.

Variable	No. Responses	Percentage (%)
1-3 years	45	55
4-6 years	20	24
7 years above	17	21
Total	**82**	**100**

Source; Field Survey 2018

Table above Reveals that 45(55%) of the respondents been patronizing Nestle products between 1*3 years, 20(24%) of the respondents. They have been buying Nestle Products for between 4-6 years, whereas 17(21%) of the respondents have been buying products for seven years and above.

Question: Do you get replacement or refund of defected product?

Table 4.22: Replacement for defected product.

Variable	No. Responses	Percentage (%)
Yes	5	6
No	30	37
Sometimes	47	57
Total	**82**	**100**

Source; Field Survey: 2018

Table above reveals that 5(6%) of the respondents indicated they get refund or replacement of Nestle products, 30(37%) of the respondents indicated they

Never get refunded or replacement of Nestle Products, whereas 47(57%) of the respondents indicated they get refund or replacement sometimes of defected product from Nestle Foods Plc.

Question: Are you a serial patronize of Nestle foods Products

Table 4.23: Serial patronage of Nestle foods products

Variable	No. Responses	Percentage (%)
Buy consistently	58	71
Not consistent	24	29
Indifferent	-	-
Total	**82**	**100**

Source: Field Survey 2018

Table above shows that 58(71%) of the respondents Indicated they Nestle products consistently, 24(29 %) of the respondents indicated they Not consistent in buying Nestle Products, whereas 47(57%) of the respondents indicated they get refund or replacement sometimes of defected product from Nestle Foods Plc.

4.3 Hypothesis Testing

In this section, the researcher will establish a clear-cut relationship by testing the hypothesis earlier stated in the first chapter and conclusion will be drawn either in support or against the hypothesis.

The statistical technique employed to test for the hypothesis is the chi-Square (X2), the test is a non-paramedic test. It is used to explain the differences between the observed frequency and the expected frequency and it is usually

calculated using this formula;

$$X2 = \frac{\Sigma [0- E]2}{E}$$

Where:

X^2 = chi-square

0 = Observed frequency

E = Expected frequency

Σ = Summation

General formula for the degree of freedom is df (r-1) (c-1)

Where:

df = degree of freedom

With a level of significance 5% or 0.005.

Degree of freedom (D.F) = (R-l) (C-l)

Where:

R = Number of rows

C = Number of columns

1 = Constant

Thus:

D.F = (3-1)(1-1)

D.F = 2

Where 2 under 0.005 in a chi-square table gives the tabulated (X^2t) as 5.991

Decision Rule

The test statistics X^2T and the critical value X^2C are compared. Where the test statistic is greater than or equal to the critical value, then the null hypothesis

will be accepted, while the alternative hypothesis will be rejected at the same significance level of 0.05

Thus:

Where $X^2T > X^2C \longrightarrow$ Accept the Null hypothesis

H_1: Market segmentation has significant effect on the company's sales turnover of Nestle Foods Plc.

Table 4.21: Test whether market segmentation has significant increase in company's sales turnover in percentage.

S/N	**FO**	**FE**	**FO-FE**	**(FO – FE)2**	**(F0-FE)2**
Agree	19	7	12	144	20.5
disagree	1	7	-6	36	5.1
undecided	-	7	-	-	-
X2					**25.6**

$$X^2_C = \frac{\Sigma(fo - fe)^2}{fe} = 25.6$$

Decision

It can be clearly seen from the table above that the calculated X2with a value of 25.6 is greater than the tabulated value of 5.991 at ldf and 0.05 level of significance. This shows that the hypothesis should be accepted,

4.4 Discussion of Result

Tables 4,9, 4.16 - 4,20 examine the extending to which customer satisfaction can be derived from market segmentation. It was revealed by the staff of Nestle Foods that 85% of the respondents strongly agreed that the practice of market segmentation helps to satisfy customers better. Tables 4.16- 4.19 revealed that

the practice of market segmentation offers a better direction towards adequate satisfaction of customers, 75(91%) of the respondent agree that they patronize nestle foods products, 67% of the respondents rated nestle products on a scale of 7-8,(on a scale of 1-10). This clearly shows that customers in Keffi are highly satisfied with Nestle foods product and this further shown in the following tables 4.18 55(67%) of the respondents indicated they will buy again nestle products very soon, table 4,19 shows 28(34%) of the respondents indicated they will recommend nestle products very soon, 47(57%) of the respondents indicated they will recommend Nestle Products soon showing more satisfaction they derived from the product and are ready to recommend to others. Customer satisfaction can also bring about customer loyalty as show from this research Table 4.23 shows that 58(71%) of the respondents Indicated they buy Nestle products consistently, this result is also in agreement with 01iver,(1997) who reported that customer loyalty refers to deeply held commitment to re-buy a preferred product or service.

Table 4.8 examines the criteria considered in segmenting the market by Nestle foods. 30% of the respondents hold the view that the market segment of the company are selected based on how measurable certain characteristics like income or location of customers is to the company. 25% said it is the sizeability with emphasis on how large and profitable enough it could serve the market. The percentages in the tables also points out the number of certain variables employed by the company. These variables such as income, Age, family occupation, taste, social class, etc reflects consumer characteristics

which has enabled the company to divide its market into distinct groups of buyers who might require separate products to be served. This result however is in tandem with Polinij (2004) who opined that entrepreneurs may segment their market on the basis of demographic characteristics such as age, income, or gender and geographic concentrations of consumers with the desired attributes,

Table 4.14 examines the effect of market segmentation on the company's sales turn over. 100% of the respondents agreed that market segmentation greatly increases the company's sales turnover. The hypothesis-tested also confirms that segmentation has significant effect on company's sales turnover.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter contains the summary, conclusion, and Recommendations. It summarizes the various findings in the study based on data collected, presented, analyzed and interpreted, drawn inferences and conclusion of the result and make recommendation.

The main objectives of this research are five which are; to examine the extent to which customer satisfaction can be derived from market segmentation, to evaluate the criteria used by Nestle Foods Nigeria Plc market segmentation, to evaluate the effect of market segmentation on the company's sales turnover and to identify the problems militating against the adaptation of market segmentation.

Findings from this research has shown that 85% of the respondents strongly agreed that the practice of market segmentation helps to satisfy customers better hence ensure customer satisfaction and entrenched loyalty of the customers as 91% of the respondent agree that they patronize nestle foods products, 67% of the respondents rated nestle products on a scale of 7-8, (on a scale of 1-10) and 71%) of the respondents Indicated they buy Nestle products consistently.

However, Majority of the respondents holds the view that the market segment of the company is selected based on how measurable certain characteristics like income or location of customers is to the company. 25% said it is the

sizeability with emphasis on how large and profitable enough it could serve the market. Also, the study revealed that

100% of the respondents agreed that market segmentation greatly increases the company's sales turnover. The result of which led to an overwhelming acceptance of the hypotheses which states that "market segmentation has significant effect on the company's sales turnover".

Nevertheless, the result of this findings revealed many challenges but chiefly among them are cost of marketing in which 45% of the respondents claimed that the company is faced with problem of high cost of marketing since the company started practicing segmentation to satisfy their customers while 30% of the respondents claim that the problem is high cost of production.

5.2 Conclusion

Market segmentation is the act of dividing a market into distinct groups of buyers who might require separate products and or market mixes and it purpose is to concentrate the marketing vigor on the market segment so as to gain an upper hand in that specific segment. Market segmentation is vital to the development of company. Market segmentation has affected Businesses in the country positively. In the course of this study it was revealed market segmentation has increased the sales turnover of nestle foods Pic significantly. The study therefore concludes that the practice of market segmentation can affect the sales turnover of any company positively.

5.3 Recommendations

Considering the importance of market segmentation to any business production outfit and to the Nigerian economy, it is pertinent to proffer some recommendations, which will help in no small measure in the practice of market segmentation. Based on the findings of this study the following recommendations are made in order to improve upon the relationship between the company and its customers through the practice of segmentation by Nestle Foods Nigeria Plc, the following recommendations are made.

Firstly the company should avoid over segmentation. The marketers of the company should avoid the case of over specializing its products so much such that too many forms of products competing in a particular market where a single product can appeal in a market.

Secondly, the company should always make goods available to their customers by bridging the gap of time and place between intermediaries.

Thirdly, segmentation notwithstanding, the company should use more of intermediaries in making their products widely available and accessible to target audience. Because through their contacts, experience, specialization and scale of operation, intermediaries can offer the fire more than it can achieve on its own.

Fourthly, the marketers of Nestle Company should improve more on their interpersonal relationships with customers to be abreast with when and where demands for their products are high.

Finally, criteria for selecting market segments should be fully employed and not partly. This will enable them to design the product features that meet the unique needs of one or some of the identified segments.

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Section A: Demographic Characteristics of the Respondents

Instruction; Please tick () against your response(s) in the space provided.

1. Age of Respondents
   a. 18-30Yrs [ ] b. 31-40 Yrs [ ] c. 41-50 Yrs [ ]
   d. 51 and above [ ]
2. Sex of Respondents
   a. Male [ ] b. Female [ ]
3. Marital Status of Respondents
   a. Single [ ] b. Married [ ] c. Divorced [ ]
4. Occupation
   a. Farming [ ] b. Businessman [ ]
   c. Civil servant [ ] d. Others [ ]
5. Educational Qualification
   a. Primary Education [ ] b. Secondary [ ]
   c. Tertiary [ ] d. Others…….

Section B: Customer satisfaction Survey

6. Do you patronize any of Nestle foods Product?
   a. Yes [ ] b. No [ ]
7. What is your overall satisfaction of the product? (Please Rate on the scale of 1 - 10)
   1 [ ] 2[ ] 3[ ] 4[ ] 5[ ] 6[ ] 7[ ] 8[ ] 9[ ] 1 0 [ ]
8. How likely or unlikely are you going to buy the product again?
   a. Very soon [ ] b. Soon [ ] c. Not any time soon [ ]
   D. Not at all
9. How likely or unlikely are you going to recommend Nestle foods Products to a friend to?
   a. Very soon [ ] b. Soon [ ]
   c. Not Any time soon [ ] d. Not at all
10. Which of the following Factors do you consider most?
    a. Quality of the product [ ]
    b. Length of life of the product [ ] c. Design of the product [ ]
    d. Consistency of quality [ ] e. Range of products [ ]
11. How long have you been patronizing Nestle foods Products.
    a. 1-3 years [ ] b. 4-6 years [ ]
    c. 7 years above [ ]
12. Do you get replacement or refund of defected product?
    a. Yes [ ] b. No [ ] c. Sometimes [ ]
13. Are you a serial patronize of Neslte foods
    a. Buy consistently [ ] b. Not consistent [ ]
    c. Indifferent [ ]

Increase by 10% [ ] 20% [ ] 30% [ ] 40% [ ]
Above 50% [ ] Decrease by 10% [ ] 20% [ ]
30% [ ] No effect [ ]

14. Do you agree that market segmentation increases the company's sales turnover?

a. Agree [ ] b. Disagree [ ] c. Undecided [ ]

14. Of what benefit is market segmentation to this company?

Increase in the whole of sales turnover [ ]
Building customer loyalty [ ]
Provides satisfaction to customers [ ]
Increase profit [ ]
Efficient allocation of resources [ ]
Helps to respond to changing market needs [ ]
Differentiates the company's products from its competitors [ ]
Others (Pls. specify