THE STATE OF MARKET SEGMENTATION PRACTICES OF MICRO AND SMALL SCALE FURNITURE MANUFACTURING BUSINESSES IN MOMBASA TOWN

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

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This research project has been submitted for examination with my approval as University Supervisor.

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DEDICATION

To my husband Emmanuel and my parents, Emily and Ronald Mshenga who sacrificed a lot to enable me finish this program.

Thank you and may God Bless You.

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LIST OF ABBREVIATIONS

MSEs	Micro and Small Enterprises
ILO	International Labour Organization
GOK	Government of Kenya
CBS	Central Bureau of Statistics
ICEG	International Centre for Economic Growth
PFDC	Project Finance Data Centre
USAID	United States Aid for Development
K-MAP	Kenya Management Assistance Programme
GDP	Gross Domestic Product

ABSTRACT

This study was conducted with the main objective of finding out if micro and small-scale furniture manufacturers operating in Mombasa town segment their markets. The study considered those firms in Majengo, Mwembe Tayari, Changamwe, Magongo, Kisauni and Likoni.

The study had two main objectives:-

1. *To document the state of segmentation practices by small-scale furniture manufacturing businesses in Mombasa town.*

2. *To identify the segmentation variables commonly used by small-scale furniture manufacturers in Mombasa town.*

A sample of 60 firms were interviewed. Primary data was collected through personally administered structured questionnaires. The respondents were owners or managers of the micro and small-scale furniture making firms.

The data obtained was coded and fed into the computer and analyzed using the SPSS computer package. To answer the first objective the data was analyzed in form of frequencies and percentages and cross tabulations.

The second objective was achieved by the use of percentages, mean scale scores and chi-square test of independence.

The findings of the study suggested that 62% of the micro and small-scale furniture manufacturers segmented their markets. Only 38% do not. This showed that market segmentation had permeated the ranks of this subsector. 80% of the respondents found market segmentation to be important. The findings also revealed that the use of market segmentation was not independent of the education level of the respondents and age of the business but was independent of the size of the business.

The results also suggested that the variables commonly used by the micro and small-scale furniture manufacturers in Mombasa to segment their markets are: income, age of customer, benefits sought by customer, social class (middle) and individual customer. These had mean scale values which were greater than the midpoint of the scale of 2.5. According to the results, the respondents were generally satisfied with the segmentation variables they were using. These variables were found to be independent of the business and respondents characteristics.

CHAPTER ONE

1.0   INTRODUCTION

1.1   Background

The word informal sector was first used by ILO in their study of 'Employment Incomes and Equality' in 1972. Since then, a lot has been done on the informal sector through the ministries of Planning, Research and Technical Training and Labour and Manpower Development. Also several studies have been conducted in this sector such as 'Micro and Small Enterprises in Kenya' (Parker & Torries,1993), 'Employment and Income in Micro and Small Enterprises in Kenya' - Results of 1995 National Survey (Daniels, Mead & Musinga, 1995) and the MSE Baseline Survey of 1999 (CBS, ICEG and K-Rep.,1999).

According to the 1999 MSE Baseline Survey, there are about 1.3 million micro and small enterprises in Kenya employing about 2.4 million people. The average income of these enterprises is Ksh. 6000 per month. This sector contributes 18.4% of the GDP (CBS, ICEG, K-Rep, 1999).

In Kenya, the small enterprises have been considered important because they:
Create job opportunities; promote national productivity; enable the entrepreneur to acquire certain skills; important thereafter for national development; provide materials and components to other industries; promote rural development; reduce rural-urban migration; supply goods and services to customers at a reasonable price (GoK, 1994:15)

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Small-scale enterprises use simple technologies that are labor intensive. They save foreign exchange and create employment. They also encourage savings among the lower income groups and can be established to supply small segments of the market in remote areas with little developed infrastructure (PFDC, 1997).

Despite the significant role played by MSEs in Kenya's national development, the sector has over the years experienced many constraints to the realization of its full potential. Among the key constraining factors is markets and marketing for their products/services. This was cited by 34% of the respondents (CBS, ICEG, K-Rep, 1999). The problems of marketing could be attributed to the nature of the sector itself since resources are inadequate for sufficient market research.

Wakah (1999), revealed that most MSE owners had low levels of education. Limited level of education has led to poor management practices among MSEs. Ombok, (1990), concluded that in most MSEs, problems are ill defined or ill-conceived, adequate records are not kept, production plans and market forecasts are absent and rudimentary management skills are absent.

Njoori (1996), argued that though there is a lot of literature on marketing, the nature of MSEs suggests that marketing is far less prevalent and less professional because the MSEs have limited financial resources thus giving priority to production and sales that are beneficial in the short-term than the long-term benefits of marketing. MSEs managers often do not understand marketing and see it as being restricted to the sales function. MSEs are generally less well disposed to marketing and where it exists, it is less understood and less organized. This view is also supported by Sabana (1995),

who contends that MSEs in Kenya seem to give very little attention to marketing unlike their large business counterparts and one of the problems that leads to failures of MSEs is lack of markets for their goods and deficient marketing strategies.

In order for marketing to have an impact on performance of MSEs, all aspects of marketing philosophy must be laid down and practiced. For marketing to be beneficial, there should be a thorough knowledge of all the firm's activities in serving its customers needs profitably. A major contribution of marketing performance is making the customers the focal point of the marketing strategy, giving direction of how to compete, where to compete, and contributing to the dynamic analysis of customers (Njoori, 1996).

According to Achar (1994), MSEs have a good process organization, production strategy and formulation of planning of inputs acquisition and product design, quality control and assurance. The weakest link is marketing. This view is supported by Njoori (1996), who indicates that entrepreneurs have marketing weaknesses due to lack of marketing training and experience. Marketing training and experience can help them to search for more customers, and to scan the marketing environment.

Also there is a big discrepancy between the supply of and the demand for MSE products. Oversupply, often occasioned by too many enterprises producing too many similar products, leads to dead stock and business stagnation (Agar, 1999; Mbugua, 1999). This could be attributed to insufficient market research. This is a pointer to the need of assistance for MSEs to come up with effective marketing and sales channels and techniques, so as to improve their performance.

Market research could be used is to identify the small business target group, that is, the specific group of customers at whom the company aims its goods or services. Literature affirms that the greatest marketing mistake small businesses make is failing to define clearly the target market to be served (Scarborough and Zimmerer, 1996). Though MSEs have limited resources, target marketing can help them aim their services better and deliver 100% customer satisfaction.

Failing to pinpoint their target market is ironic since small firms are ideally suited to reaching market segments that their larger rivals overlook or consider too small to be profitable. An effective marketing program all small businesses depends on a clear, concise definition of the firm's targeted customers. Successful businesses have well-designed portraits of the customers they seek to attract. From market research, they would know their customer's income levels, lifestyles, buying patterns, psychological profiles etc (Scarborough and Zimmerer, 1996). The target customer permeates the entire business, from the merchandise purchased to the store's layout and décor.

Market segmentation is vital for businesses as it enables them to make product decisions, serve customers effectively, leads to profitability and makes them gain a competitive edge against competitors.

1.2   The Furniture Making Subsector

Furniture making is an important income redistribution sector. It has a great potential for employment creation and sustainability in a growing economy in which an increasing number of families and institutions upgrade their furnishing as their standards of living improve.

According to the 1999 MSE Baseline Survey, woodbased manufacture accounts for 4.1% of the total MSEs and there are 43,450 MSEs in this subsector employing 96,431people (CBS, ICEG, K-Rep, 1999). Woodwork enterprises make upto 63% of the enterprises in the more broadly defined forest based product subsector. It largely consists of enterprises making wooden furniture, fixtures and fittings and other wooden accessories (Parker and Torries, 1994).

In recent years, there has been a growth in the number of furniture businesses especially in the urban areas. According to Ndua and Ng'ethe (1984), the furniture making subsector is of a particular interest. There is a prima facie case that it has exhibited a more pervasive potential for growth and adaptability to new market conditions and process technologies and has given its operators marked competitiveness and gains on investment. Achar (1994), notes that furniture making is a more pervasive MSE manufacturing subsector especially in urban areas where it provides an invaluable avenue for technical learning for production of goods and services for venturing into the broad area of manufacturing for export intensification or import substitution.

Technologies used in woodwork industries include a wide range of scale of production, technical sophistication and skill levels required of the operators. The highest proportion of small-scale entrepreneurs acquire skills through informal training like apprenticeship, which costs less than other types of training (Njoori, 1996). Training within the furniture making subsector adds to the ease of entry. Many apprentices at some point in time start their own micro businesses.

A study carried out by Arni (1991), found out that carpenters experienced difficulties in finding skilled workers, purchasing machinery and getting customers from competitors. Owing to the volatility of market share and the short term employment contracts, maximizing the income from every piece of item made is the goal of both workers and proprietors.

Smaller firms in this subsector can only survive if they exploit market segments and niches (Arni, 1991).

1.3   DEFINITION OF TERMS

1.3.1   A Business

The term 'business' can be defined as:

"An enterprise which provides goods and services for satisfying the needs and wants of people. Businesses also give suppliers of materials, labour and the owners, sufficient payment or rewards for their supplies, hours of work or investment respectively (Wakah, 1999). Enterprise is defined as any income earning activity that is not in primary agriculture or mineral production (Parker and Torries, 1993). Business can also be defined simply as an economic activity more or less intended to make a profit.

1.3.2   Small Business

Although the area of small business has been the main focus of many studies in the recent past, the definition of this term has remained elusive. Scarborough and Zimmerer (1996), observe that at present, there is no universally acceptable definition of a small business. This can be shown by a study carried out in 75 countries which

came up with 50 different definitions (USAID, 1983). This is because the definitions used various measures of size depending on the purpose for and the persons doing the measuring (Kibera, 1997). Kibera (1996), gives some yardsticks which are commonly used and these are: total number of employees, total investment and sales turnover.

In the United Kingdom the definition of small business is that with 5 to 200 employees depending on the industrial sector (Kibera, 1996: 73). In the United States, the Small Business Act of 1953 defines a small business as "one which is independently owned and operated and not dominant in its field of operation". Thus they consider all manufacturing firms with upto 250 employees as small while for wholesalers and retailers with annual scales less than US $ 15 million and US$ 5 million respectively are considered as small (Hodgetts, 1982:5).

According to Baumback (1988), a small business is one which is relatively small in size within the industry in which it is a part, is actively managed by its owner(s), is highly personalized, largely local in its area of operations and is largely dependent on internal sources of capital to finance its growth.

For the purpose of this study, the definition given by the MSE baseline survey (1999), will be adopted. Thus MSE is defined as business employing upto 50 workers. Employment here refers to people working in the enterprise whether they are paid or not. Micro-enterprise employs upto ten workers while a small enterprise employs between 11 to 50 workers.

MSEs cover a range of establishments including informal sector activities. The site can be home, street, mobile unit etc. MSE maybe undertaken as a main activity or as a secondary activity, may be permanent, temporal, casual or seasonal.

The enterprises are essentially non-primary business, that is, non-farm business activities excluding agricultural production, animal husbandry, and fishing.

For the purpose of this study, the term small 'business' and 'enterprise' will be used interchangeably and will represent all firms categorized as micro and small enterprises. According to the Directory of Information (1986) and Statistical Abstract (1991), a firm is considered as furniture manufacturing if the furniture is primarily of wood. However in this study, a firm is considered as furniture manufacturing if the furniture is primarily of wood or metal.

1.3.3   Market Segmentation, targeting and positioning

Many authors seem to be in agreement as far as the definition of market segmentation is concerned. According to Smith (1956), market segmentation consists of viewing a heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets in response to differing product preferences among important market segments. It is for more precise satisfaction of their varying wants.

Schiffman and Kanuk (1997), define market segmentation as the process of dividing a market into distinct subsets of consumers with common needs or more characteristics and selecting one or more segments to target with a distinct marketing mix. This view is also echoed by Ferrel and Pride (1982), and MacDaniel (1982).

Kibera and Waruingi (1998), define market segmentation as the subdivision of a market into small homogeneous sub-markets, which the organization might successfully satisfy.

All the above definitions are similar and they are advocating that market segmentation is simply the sub-division of a heterogeneous market into smaller homogeneous markets and the determination of the appropriate marketing mix to satisfy the customer needs and wants.

Market segmentation goes hand in hand with market targeting and market positioning. Market targeting is selecting one or more market segments to enter while market positioning is establishing and communicating the product's key distinctive benefits in the market.

1.4   Statement of the Study Problem

Most MSEs start businesses based on skills possessed and capital. This leads to production orientation as opposed to market orientation. It is observed that there is more of copying than production innovation in this sector and this shows apparent lack of creativity leading to oversupply of similar products in the market and consequent slow movement of stocks.

As noted earlier, small businesses rarely attempt to explore markets beyond those which they are familiar with. Perhaps this is because they are not aware of how to go about it. But those prepared to take a risk by venturing into new markets will generally be rewarded with higher returns than those who stick to traditional markets and products.

Clearly, research shows that market segmentation is important and has been used successfully in diverse applications. Because of the success of market segmentation

by larger enterprises, it could be concluded that it would be a useful strategy for small businesses. However, there exists little evidence in the literature addressing the degree of market segmentation by small firms. As noted earlier, most literature contends that the greatest marketing mistake small businesses make is failing to define clearly the target market to be served.

However, what is generally true for MSEs concerning market segmentation may not hold for small scale furniture manufacturing firms. Unlike other enterprises, furniture businesses mostly produce products on order. It is observed that furniture makers produce a range of products in the same product category and the quality of each range seems to be tailored to a particular customer group. For example there may be different models of sofa sets made from different materials, different styles and even colors. The prices are also varied. Thus, it seems that in coming up with the different models of products and prices, small scale furniture manufacturers have in mind different sets of customers.

The motivation behind this study is to find out how the small scale furniture manufacturers determine the different types of customers for their products.

This study is an attempt to look at whether or not small scale furniture manufacturers in Mombasa town segment their markets, the actual practices and document what they consider relevant in segmentation.

1.5   Objectives of the Study

This study is aimed at determining the state of market segmentation practices of small-scale furniture manufacturing businesses in Mombasa town. In line with this therefore, the objectives of the study are:

1. *To document the state of segmentation practices by small-scale furniture manufacturing businesses in Mombasa town.*

2. *To identify the segmentation variables commonly used by the small-scale furniture manufacturers in Mombasa town.*

1.6   Importance of the Study

This study will be useful to:

1. *Small business marketers who will gain some knowledge about the importance of market segmentation and how they can segment their markets in order to gain a competitive advantage and increase the profitability of their businesses.*

2. *The scholars - this study will help scholars to direct their attention to more specific aspects of this topic in the future and form their work, the small business in Kenya which are the majority can benefit.*

3. *MSE advisors and trainers - these will gain knowledge on the segmentation variables mostly used by MSEs and will thus advise newly established MSEs on the importance of market segmentation, and train them on how to segment their markets.*

4. *Policy makers - the government has identified MSEs as the main means by which to attain industrialization by the year 2020, as stipulated in most of its development policy papers. The development of this sector is therefore of prime importance to the government. The findings of this study will enable the policy*

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makers to identify the segmentation variables that they need to focus on in order to develop the MSEs. The study will also enable the policy makers to note the areas that need to be addressed in order to attain meaningful development through MSEs.

2.0   LITERATURE REVIEW

2.1   Introduction

The knowledge base for the emerging fields of small business management and entrepreneurship should be interfunctional and interdisciplinary (Hill & La Forge, 1992). Yet the functional discipline of marketing has contributed to these fields in recent years. Njoroge (1995), contends that with the seemingly recent entry of the informal sector into organized literature, it would seem that marketing in the subsector and its literature is a latecomer. Researchers and writers in these fields often address marketing superficially, without an awareness of sophisticated marketing concepts and methods (Hills & La forge, 1992).

Market concepts are those concerned with the perspective underlying marketing strategy development. The key market concepts are market segmentation, market targeting and positioning. These concepts are relatively simple but are extremely powerful marketing strategy concepts for the development and growth of MSEs. The effective definition of market segments, the selection of specific target markets and the development of a desired positioning within target segments are important marketing strategies for new ventures and for smaller growth oriented firms. Entrepreneurial firms can achieve key competitive advantages by segmenting markets in unique ways, selecting markets not adequately served by existing competitors and achieving a desired position within these target markets (Hills and La Forge, 1992).

The marketing discipline is an important resource because the underlying philosophy and orientation of the discipline are attuned to markets and customer needs, which have a direct applicability to small business. This orientation is of obvious importance to new business creation and to seeking and evaluating opportunities.

Small businesses need to know their markets perfectly and not only concentrate on obtaining finances for their businesses. According to Hills and la Forge (1992), MSEs failures are often the result of advance testing of markets. Many SME owners dwell on obtaining financial backing without equivalent attention to assessing market feasibility. Those who attempt to conduct market studies lack the prerequisite understanding and training.

Most owners of MSEs view marketing as a combination of promotion and selling, that is, getting the customer to the business and persuading him/her to buy. However, this is a narrow way of looking at marketing. The first principle of marketing is to start with the customer: get to know the customer, understand them and try to think like them. Businesses should make what will sell and not try to sell what it can make. If there are many competitors making the same or similar products, the business needs to create reasons for customers to buy its products, that is, developing a competitive advantage. To win customers in a market place where everyone is selling similar things, one does not have to be a lot better, a small improvement will do (Agar, 1999).

The primary market place for MSEs is the local market. Most MSEs have a narrow product range, that is, they make and sell the same or very similar products (Mbugua, 1999; Agar, 1999). Where supply exceeds demand, there will be mounds of product

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waiting for a buyer. The owner and workers continue making more products as they wait for customers. This leads to cut-throat competition and market congestion. Because of this, potential customers play one seller against the other and will end up buying at the lowest price. However, there may be unwritten 'rules' amongst the sellers about the minimum price that all will charge enforced by group, social or physical pressure. The extent to which sellers fix prices depends on how easy it is for potential buyers to go elsewhere, the cost to the buyer of doing so and the availability of information about alternatives. Low price relative to costs leads to low profitability reducing the scope for re-investment in anything that might give the business a competitive edge. Thus the MSEs will depict horizontal rather than vertical growth.

Mbugua (1999), also cites other marketing problems of MSEs as:

Poor product design, packaging, costing and pricing, lack of access to the public sector market, which is one of the largest market in any country, lack of physical markets and marketing channels, lack of subcontracting arrangements between large and small firms, weak market support arrangements, including weak linkages between established marketing institutions and MSEs, inadequate market research and development for MSEs.

2.2 Importance of Market Segmentation

Given the ongoing trade and market liberalization activities which have resulted in more fierce local and foreign competition, the small business owners and managers have no choice but to develop and implement appropriate marketing strategies. One of these strategies is market segmentation.

The concept of market segmentation was introduced by Wendell Smith in 1956 and since then, it has become a popular concept with many marketers. Many studies have been done in this field as the importance of the concept has unraveled over the years. Market segmentation has been adopted by various organizations throughout the world from producers, wholesalers and service providers.

Market segmentation has become more pervasive in recent years (Rao and Steckel, 1998). This is due to socio-economic and technological trends. Expanding disposable incomes and higher educational levels have produced consumers with sophisticated (and varied) tastes and lifestyles. Consequently, they have diverse benefit requirements for the goods and services they purchase. Furthermore, new, more focused advertising media (magazines, local radio stations, direct marketing) have emerged, facilitating the implementation of well-defined marketing programs targeted to groups with special interests.

Finally, new technologies such as computer-aided designs and modular assemblies have enabled manufacturers to customize a wide variety of products to meet the requirements of these special interest groups. These trends not only make market segmentation viable, they make it possible to reach smaller distinct segments.

Many marketing theorists and practitioners view market segmentation as one of the most important advances in marketing theory in recent times (Ng'ang'a, 1991). Lazer and Culley (1983), Wind (1978), among others assert that the concept of market segmentation is important in modern marketing.

Kibera (1997), contends that, marketers whether large or small, must make several product or service decisions with respect to market targeting if they are to operate effectively. This means that they must satisfy the needs of the consumers. A firm however, cannot serve all customers in the markets as the customers are too numerous and diverse in their buying requirements. Instead of competing everywhere, the company needs to identify the market segments that it can serve effectively (Kotler, 1998).

The strength and value of marketing process hinges on how well a firm handles the process of market segmentation. Get it wrong, and it is likely that there is a 'mismatch' between the organization's offer and the needs of the customers. The concern, therefore, is to seek ways of classifying customers so that whatever the nature of the business, it will be in a position to offer a product or service to them that will enable the firm to differentiate itself from others. In this way, the firm can increase its profitability. In a study carried out by Peterson (1991), the respondents who indicated that they employed target marketing reported a mean return on invested capital of 17.9% and those who did not reported a mean return of 9.3%.

According to Christopher and MacDonald (1995), the purpose of segmentation is to find the best ways to match the firm's capabilities with groups of customers who share similar needs and thereby gain some competitive advantage. Nariman and Mahatoo (1976), note that market segmentation helps the firm gear a specific product to the likes or requirements of a particular target group. For many companies, it is better to capture bigger pieces of fewer markets than to scramble about for a smaller share of every market.

Wendell (1956), contends that due to product competition whereby there has been an expanded array of goods and services competing for the consumers dollar, it is necessary to have a market where a firm can maximize its potential and this is made possible through market segmentation.

Johnson (1971), states that in the long run, market segmentation allows management to identify its best profit opportunities and this results in a more efficient allocation of company resources. According to Winter (1984), segmentation is a remedy for a low market share or a position in a low growth market. It redefines the market such that a marketer's market share may now be dominant in a smaller niche; alternatively, certain segments of a low growth market may be growing.

Scarborough and Zimmerer (1996), note that small businesses carve a niche from the mass market, for example, successful restaurants most often appeal to a specific clientele. Rather than compete head-on with larger rivals, many successful small companies choose their niches carefully and defend them fiercely. A niche strategy allows a small company to maximize the advantages of its smallness and to compete more effectively even in industries dominated by giants. Peterson (1991), states that when target marketing is well conceived, it can produce stronger customer satisfaction and brand loyalty and give firms an edge against rivals.

Murphy (1996), contends that market segmentation can be useful because it can help the small business owner to make some very crucial decisions about where to direct promotion and which segment of the market they wish to pursue. Segmentation will help to decide which categories customers fall into, that is, socio-economic, age,

gender, home location, occupation, stage in family life cycle, credit worthiness, quantity of purchases, usage rate. The MSE owner can then direct his goods at the most profitable segment.

Dollinger (1995), states that market segmentation is important for marketing strategy because it enables the venture to discriminate among buyers for its own advantage. Effective market segmentation allows the firm to serve some segments of the market extremely well.

In higher education the segmentation variables that were found to be important are income and lifestyle characteristics (Traynor, 1981).

2.3   Levels of Market Segmentation

Due to developments in the market place especially information technology, the concept of market segmentation has been refined. Some sellers however do not segment the market but engage in mass marketing.

Kotler (1998), observes that market segmentation can be carried out at four levels.

Segment marketing - in this, the company recognizes that buyers differ in their wants, purchasing power, buying attitudes and buying habits. It thus isolates some broad segments that make up a market. Consumers in one segment are similar in their needs and wants but are not identical.

Niche marketing - a niche is a more narrowly defined group, typically a small market whose needs are not being well served. Marketers usually identify niches by dividing a segment into subsegments or by defining a group with a distinctive set of traits who

may seek a special combination of benefits. Niches normally attract smaller companies.

Local marketing - this is tailoring marketing programs according to the needs and wants of local customer groups.

Individual marketing - this is one-to-one marketing. In this, the customer participates actively in the design of the product and offer.

Schiffman and Kanuk (1997), give the appropriate criteria for a "good" market segment and this is echoed by Buss and Day (1991), and Kibera and Waruingi (1998). A good market segment must be:

(i)   *Measurable* - the size and buying power of the segment can be estimated.

(ii)   *Accessible* - marketers must be able to reach the market segments and serve them economically.

(iii)   *Identifiable* - the marketer should be able to identify the characteristics of the segment to be served.

(iv)   *Actionable* - effective programs can be formulated for attracting and serving the segments.

(v)   *Substantial* - the segment s should be large and profitable enough to serve. A segment should be the largest possible homogenous group worth going after with a tailored marketing program.

2.4   Market Segmentation Process

Kotler (1998), gives a three-stage decision process in market segmentation: survey stage, analysis stage and profiling stage.

Agar (1999), suggests a different approach for segmenting the market for MSEs rather than carrying out a full segmentation exercise. First, the business has to understand what sort of people are buying now. This will reveal a group of people for whom the business can do something better than competitors. The more the SME can learn about its different types of customers, the more chance it has of finding similar ones and making its offering more attractive to them. This can be related to such characteristics as age, income, gender etc. Thus, this is segmentation but with one important difference - rather than start with the whole market and try to segment it and then target particular groups, the MSE should start with its current customers followed by any other groups of customers that it is considering trying to sell to. Many MSE owners have some idea of which groups of customers are more profitable even if this is at a very basic level. There are two main reasons why MSEs focus on current customers:

(i)   The owners already know about these types of customers so there is less scope for costly mistakes.

(ii)   It builds on what the owners see as their potential customers.

In coming up with a segment, Agar (1999), gives a framework of questions to help the SME owner, that is:

    Who buys from you now?

    What groups of customers can you identify?

    Which groups pay the best prices or are more profitable?

    What characteristics do these groups share?

    Where can similar potential customers be found?

    What other groups of customers have you considered selling to?

In looking at the segmentation process, it is important to look at the various segmentation approaches. Segmentation approaches typically fall into one of two categories: apriori approaches or post hoc approaches (Wind, 1978).

Apriori approaches consist of analytical methods where management decides on a basis for segmentation prior to data collection and analysis. For example, management may decide to segment the market based on product purchase rates, customer loyalty, customer types, or other characteristics. Once the segments are formed, data are collected to profile the segments according to demographic, psychographics or other customer characteristics. Management can then evaluate the size and characteristics of the segment to determine their potential value for the development of marketing strategies.

Post hoc approaches consist of analytical methods where management identifies relevant segmentation variables such as customer benefits, needs or attitudes. Statistical methods like regression and cluster analysis are then used to form and profile the market segments. Post hoc approaches are typically more sophisticated than apriori approaches, due to the use of relatively complex statistical methods.

Both apriori and post hoc segmentation approaches can be used by entrepreneurs to identify, profile and analyze market segments. These analytical approaches can help entrepreneurs evaluate different market segments to determine the best segments for them to attempt to serve. Selecting appropriate market segments can be a critical aspect of marketing strategy development and growth for new ventures (Hills & La Forge,199

2.5   Bases for Segmenting Markets

Proper basis for segmenting the market have to be identified if market segmentation has to be effective. Different authors have suggested various segmentation variables. Wind (1978), divided these variables into two categories, that is, general customer characteristics (e.g. demographic and socio economic characteristics, personality, lifestyle, attitudes and behavior towards mass media and distribution outlets). The second category is situation specific customer characteristics like product usage, purchase patterns and other responses specific to marketing mix variables.

Beckman and others (1982), and McDaniel (1982), divided the segmentation variables into four categories:

a)   Geographic variables which include region, city size, climate, population density.

b)   Demographic variables like age, sex, income, occupation, education, stage in family life cycle.

c)   Psychographic variables such as social class, lifestyle, personality, attitudes, perceptions.

d)   Behavioral variables including occasions, benefits, user status, buyer readiness stage, and attitude towards the product.

Kotler (1998), adds to the above variables by including multi attribute segmentation (geoclustering).

Schiffman and Kanuk (1997), however give eight bases for segmenting the market, that is, geographical factors, demographic factors, psychographic or psychological

characteristics, socio-cultural variables, use-related characteristics, use-situation factors, benefits sought and hybrid segmentation.

2.5.1 Segmentation by Consumer Characteristics

The variables used in this category are:

(a) Geographic Segmentation

Geographic influences are important to the marketers. They include such aspects as location of human population, climate, topology, natural endowments and many other aspects of geography (Nzyoka, 1993).

In geographic segmentation, the market is divided into divergent geographical parts such as cities, provinces, districts, divisions based on the idea that consumer needs vary from one region to another.

A firm may decide to operate in one or more geographic region and provide goods or services tailored to that particular region. Geographic segmentation can be very useful in regions that experience extreme variations in climate. Choosing the right location for one's business is usually a deciding factor in its success or failure. However, in MSEs, the matter of location is determined to a large degree by personal or non business considerations such as the desire to locate among family and friends, or a need to locate in a particular climate because of health (Baumback, 1988). This sometimes results in the business being originally located or remaining in an area from which a substantial portion of the firms market has departed.

According to Kable (1986), geographic segmentation is a useful concept in consumer theory since different regions have different cultures, climates, histories and resources. These differences influence consumer activities like the use of media, shopping areas, products and services. Also, consumer-marketing patterns differ among the urban and rural areas.

(b)   Demographic Segmentation

This is segmenting the market on the basis of demographic variables like age, gender, family life-cycle stage, income, education level, and occupation. Demography is the vital and measurable characteristics of the population. Demographics thus help to locate a target market. Demographic information is easy to access and is cost effective (Schiffman and Kanuk, 1997).   However, a disadvantage with demographic segmentations is that it is one-dimensional and does not differentiate among brands. Demographic variables can be used to reveal ongoing trends (e.g. shifts in the population's age).   These signal business opportunities and alert marketers of impending threats.

Buss and Day (1991), state that customers needs and requirements are often closely related to demographic characteristics and are commonly used to segment and identify target markets. They are factual and consequently easier to measure. Psychographic or behavioral characteristics are often translated to demographic variables so they can be measurable. Due to the importance of these variables, it is appropriate to look at each of them separately.

(i)   *Age and Family Life Cycle* - Consumer wants and abilities change with age. The needs of infants, bachelors and old people differ.   Marketers thus

concentrate on certain age segment or produce for the different life cycle stages (Kotler, 1998). The family life cycle has at least five stages:

Bachelor, newly married/honey mooners, full nest, empty nest, sole survivor. For marketers, the family life cycle is important because the need and purchasing power change and develop as the family cycle moves from bachelor to sole survivor.

(ii)   *Gender* - Kotler (1998), Buss and Day (1991), Kibera and Waruingi (1997), contend that gender segmentation is used in such markets as clothing, cosmetics, soaps, hair styling etc. The segmentation is done according to the requirements of each sex.

(iii)   *Income, Education and Occupation* - These tend to be closely correlated (Schiffman and Kanuk, 1997). The major problem with segmenting the market on the basis of income alone is that income simply indicates the ability (or inability) to pay for a product while the actual choice may be based on personal lifestyle, taste and values.

(c)   Psychographic and Psychological Segmentation

Psychographic characteristics refer to the consumer lifestyle and personality. The psychographic variables are: Activities, Interests and Opinions (AIO).

(i)   *Lifestyle segmentation* - 'We are what we consume' is the basis for lifestyle marketing (Christopher and MacDonald, 1995). The lifestyle concept relates to individual aspirations, personal role models and statements that people make about themselves. In lifestyle marketing, the reality is less important than the aspirations and the self-image. Because different people have different aspirations and self-images, then it is logical that this should form the basis for a segmentation of the market.

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In life-style segmentation, the aim is to group consumers on the basis of "shared values".

(ii)   *Personality* - The uniqueness of people influence their buying pattern and behavior. Marketers have used personality variables to segment markets. They endow their products with brand personalities that correspond to consumer personalities.

(d)   *Socio-cultural Segmentation* - This is segmenting the market on such variables as:

(i)   *Social class* - this is the relative status in the community. This concept implies a hierarchy in which individuals in the same class generally have the same degree of status. This is measured by a weighted index of several demographic variables such as education, occupation, income, and wealth. Consumers in different social classes will have differences in product preferences and buying habits. In Kenya, marketers have divided the population into five major social classes, that is, AB (upper class), C (upper middle), C2 (lower middle), D (lower) and E (lower lower).

(ii)   *Culture, subculture and cross-culture* - This is a useful segmentation criteria since members of the same culture share the same values, beliefs and customs. Marketers thus stress specific cultural values for consumers to identify with.

A study by Bruning and others (1985), indicated that personality, environmental and demographic variables were useful in segmenting the airline industry.

2.5.2   Segmentation by Consumer Responses.

This type of segmentation requires marketers to segment the market on the basis of consumers' knowledge, use, attitude or response to a product. The focus is on the purchasing behavior of the customers, on when and how purchases are made and who influences the purchase.

(a)   Use-Related Segmentation

This categorizes consumers in terms of product, service or brand usage characteristics such as usage rate, awareness status and degree of brand loyalty (Schiffman and Kanuk, 1997).

i)   *Rate of Usage* - This differentiates among heavy users, medium or light users or non-users of the product. Marketers thus target campaigns to the heavy users. For the non-users, marketers must decide whether to spend resources to convert them to users or not.

ii)   *Awareness Status* - This includes consumer awareness, interest level or buyer readiness. Marketers have to determine whether potential consumers are aware or interested or need to be informed of the product.

iii)   *Brand Loyalty Segmentation* - This is used by marketers to direct their promotional effort. Buyers can be divided into four groups according to their loyalty status (Kotler, 1998):

Hardcore loyals - consumers who buy one brand all the time.

Split loyals - consumers who shift from favoring one brand to another.

Switchers - consumers who show no loyalty to any brand.

(b)   Use-Situation Segmentation

Buyers can be distinguished according to the occasions they develop a need, purchase a product or use a product. Many products are made and promoted for special usage occasions e.g. success cards, Christmas cards, valentine cards.

(c)   Benefit Segmentation

A powerful form of segmentation involves classifying buyers according to the benefits they seek from the product. Benefit segmentation can be used to position various brands within the same product category. For example, in toothpaste, there is Sensodyne for sensitive teeth, Close-up for fresh breath and whiter teeth and Colgate for no cavities.

Benefit segmentation can be used to find a niche for new products and also reposition established products. Christopher and McDonald (1995), noted that customers do not buy products but buy benefits. They cite different kinds of benefits as follows:

Standard benefits - basic benefits that accrue from the product or service.

Company benefits - benefits the customer will receive by dealing with the firm.

Differential benefits - benefits that cannot be provided by others.

Bonaguro and Miaoulis (1983), identified different segments that differ considerably in the type and extent of health benefits and facilities they prefer and utilize. In a study of the performing arts, Steinberg and others (1982), found out that benefits was an important segmentation variable.

2.5.3   Geoclustering

This is based on the assumption that people who live close to one another are likely to have similar financial status, tastes, preferences, lifestyles and consumption patterns.

2.6   Conclusion

From the literature reviewed, it has emerged clearly that market segmentation is important to all businesses as it increases profitability, leads to better resource allocation, gives competitive advantage, enables a firm to serve customers better and helps in selecting promotional tools.

Market segmentation can be undertaken at various levels which are segment, niche, local and individual marketing. The criteria for choosing a market segment is that it should be identifiable, accessible, measurable, actionable and substantial.

The market segmentation process begins with analyzing the current customers which is the survey stage, the analysis and later profiling stage. In market segmentation, the approaches which are commonly used are the Apriori and Post hoc approaches. However, these modern approaches may not be used in the MSE sector.

The commonly used segmentation variables are: geographic (region, climate, population density), demographic (age, income, education, family size, occupation, gender etc.), psychographic (lifestyle, attitudes, personality) and behavioristic (occasions, benefits sought, user status etc.).

3.0   RESEARCH DESIGN

The research design used was exploratory survey. This was because the study aimed

to generate knowledge to document and describe the segmentation practices used by

small scale furniture manufacturers.

3.1   Population

The population of interest consisted of all small-scale furniture making firms operating

in Mombasa town. From the 1999 MSE Baseline survey, the population proportion in

Mombasa as compared to Nairobi is 0.29. Since Nairobi and Mombasa have 15.8% of

the total MSEs in Kenya, then Mombasa town has 4.582%. Given the total number of

small scale furniture manufacturers to be 43450 in Kenya, then from the proportion of

MSEs in Mombasa, the number of small scale furniture manufacturers can be

estimated as 1990 (CBS, K-Rep, ICEG, 1999).

3.2   Sampling

According to a pilot survey conducted by the researcher, the majority of small scale

manufacturing businesses in Mombasa town exist in six major clusters. These were:

Mwembe Tayari, Majengo, Likoni, Kisauni, Changamwe and Magongo. The density

of small scale manufacturing businesses in each cluster was fairly the same.

Therefore, the main concern was in the size of the clusters.

This study therefore adopted clustered random sampling. According to Wakah (1999),

each and every MSE in a given area differs significantly from others in many aspects

including performance. If respondents from several areas within Mombasa are interviewed, then more representative generalization can be drawn.

A total of 60 respondents were interviewed. This number of respondents was chosen because of time and financial constraints. To get the number of respondents to be interviewed in each cluster, the total area of the clusters was determined from the total area of Mombasa town which is 210 kilometres (SA, 1985).

The total area of the clusters was found to be 168 square kilometres. The areas of the clusters was estimated to be as follows: Mwembe Tayari 22.4 km^2, Majengo 22.4 km^2, Likoni 28 km^2, Kisauni 33.6 km^2, Changamwe 28 km^2, and Magongo 33.6 km^2. These proportions were used to determine the number of respondents to be interviewed from each cluster. Thus the total number of respondents to be interviewed for each cluster was as follows:

Cluster	Area (sq.km)	No. of respondents to be interviewed
Mwembe Tayari	22.4	8
Majengo	22.4	8
Likoni	28.0	10
Kisauni	33.6	12
Changamwe	28.0	10
Magongo	33.6	12
TOTAL	168	60

It is estimated that 80% of the respondents fell into the clusters thus these were 1592 respondents. About 4% of these were interviewed.

To select the firms to be interviewed random selection was used. The researcher began from a randomly selected point in the selected clusters and obtained a list of all members. Systematic random sampling procedure was used to select the enterprises to be interviewed in each cluster. Thus for Mwembe and Majengo it will be every 26th business, Likoni and Changamwe every 27th business and for Kisauni and Magongo it was every 27th business.

3.3 Respondents

The respondents were the managers of the businesses, either the owner, owner's spouse or employee manager with knowledge about the marketing activities of the business.

3.4 Data Collection Procedure

The study used primary data to be gathered from the enterprises. Only the owner, their spouses or a manager who had worked in the enterprise for about one year were interviewed. A structured questionnaire was used. This questionnaire was administered through personal interviews conducted by the researcher and her assistants. The researcher and her assistants mainly used English language but where necessary, they translated the questions to respondents. To do this effectively the researcher and her assistant were trained on proper translation of the questions.

3.5 Data Preparation and Analysis

The researcher first edited the data in order to check for completeness and consistency of the responses given. The data was then cleaned by identifying and removing outliers or respondents who did not understand the questions. Coding was then carried out for the open-ended questions.

The data was then input into the computer using the Statistical Package for Social Sciences (SPSS).

Frequency distributions of various aspects of the data were got for example, percentage of the sample that practices market segmentation. This showed the extent to which small-scale furniture manufacturing firms in Mombasa town practice market segmentation.

Cross tabulation was used to show the relationships among and between variables for example, the relationship between education level and the use of market segmentation, location and the segmentation method used etc.

To determine the commonly used variables, mean scale values and percentages were used.

To determine the satisfaction or dissatisfaction of the respondents with the segmentation variables they use, the mean scale value for all methods was got and was compared to the midpoint of the scale.

The chi-square Test of independence was used to test the significance of relationships of various factors.

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4.0   RESEARCH FINDINGS

4.1   Introduction

This chapter contains the data extracted from the fully completed questionnaires. The data is summarized and presented for analysis in the form of tables. The findings are presented in four parts: the respondents profile, business characteristics, products made by the firms and marketing, and the use of market segmentation including the variables that are commonly used by the furniture manufacturing firms.

4.2   Profile of Respondents

A total of sixty respondents were interviewed in this study. The respondents were the owners of small scale furniture manufacturing businesses or their managers. The respondents interviewed operate their businesses in Likoni, Changamwe, Magongo, Majengo, Mwembe Tayari and Kisauni areas of Mombasa towns.

The sample characteristics here are presented in terms of bio-data of the respondents interviewed, for example, sex, age etc. The presentation of these characteristics are summarized in the tables below:-

Table 1:   Position of Respondents

Respondents Position	Number	Percentage
Owners	37	62.0
Managers	23	38.0
Total	60	100.0

Source: Research Data

Out of the total of 80 respondents, 62% of them were the owners of the businesses and 38% were the managers of the businesses. This thus shows that these businesses are mostly run by the owners.

Sex of the Owners

The study sought to find out the gender of the owners. The results are as shown below:

Table 2:   Sex of the owners

Owners Sex	Number	Percentage
Male	58	97.0
Female	2	3.0
Total	60	100.0

Source: Research Data

Most (97%) of the small scale furniture manufacturing businesses in Mombasa town are owned by men. The female sex comprised of only 3% of the owners. All the employees in these businesses were men. This subsector is thus dominated by men.

Age of Respondents

The survey also determined the age of the respondents in order to find out the age bracket to which they belonged. Table 3 gives the results.

Table 3:   Age of Respondents

Age in Years	Frequency	Percentage
15-30	18	30.0
31-40	27	45.0
41-50	11	18.0
Above 50	4	7.0
Total	60	100.0

Source: Research Data

45% of the respondents are in the age bracket of between 31 to 40 years, 30% are in the age bracket of 15 to 30 years, 18% in the age bracket of 41 to 50 years and only 7% were above 50 years of age. This indicates that most of the operators fall in the economically active age bracket.

Respondents Level of Education

The level of education of the respondents was determined to see if they had high or low education level. The results were as follows:

Table 4:   Respondents Level of Education

Respondents Level of education	Number	Percentage	Cumulative
No formal education	1	2.0	2.0
Primary	16	27.0	29.0
Lower secondary	5	8.0	37.0
Upper secondary	27	45.0	820
Form 5-6	8	13.0	95.0
College(tertiary education)	3		5.0
Total	60	100.0	100.0

Source: Research Data

In this study only 2% of the respondents were illiterate. 27% of the respondents had primary education. 66% had secondary and high school education while only 5% had college education. Most of the respondents therefore can read and write and can thus engage in proper marketing practices of their products to obtain maximum profits.

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Other form of Training

The respondents were asked if they had any other form of training. The results are given in the table below.

Table 5: Respondents Other Form of Training

Type of Training	Number	Percentage
On the job (technical aspects	49	82.0
General on the job	3	5.0
Other	8	13.0
Total	60	100.0

Source: Research Data

Besides formal education, 82% of the respondents had on the job training on technical aspects of the furniture making business. 5% received general on the job training. Thus most of the respondents have a knowledge on the production and marketing of furniture.

Other occupation of owners

The study sought to find out if the owners had some othre form of employment. The results are given below.

Table 6: Other Occupation of Owners

Occupation	Number	Percentage
Civil Servant	4	7.0
Teacher	2	3.0
Farmer	2	3.0
Unemployed	45	75.0
Others	7	12.0
Total	60	100.0

Source: Research Data

75% of the small scale business owners were full time entrepreneurs. 25% had other jobs like teaching, farming, civil services etc. This indicates that most of them depended on their businesses for their livelihood.

4.3 Characteristics of the Small Scale Furniture Making Businesses

Age of Enterprise

The study sought to find out the number of years the business had been in operation in order to find out if they were new or old businesses. The results are given below.

Table 7: Age of Enterprise

Age of Enterprise (years)	Frequency	Percentage	Cumulative %
Below 6	34	57.0	57.0
6-10	13	22.0	79.0
11-15	5	8.0	87.0
Over 15	8	13.0	100.0
Total	60	100.0	

Source: Research Data

57% of the businesses interviewed were less than six years old, 22% are between 6 to 10 years old, 8% between 11 to 15 years and 13% are over 15 years old. This indicates that most of the businesses are upcoming businesses and thus have to undertake vigorous marketing activities in order to gain market share.

Size of the Business

The survey also determined the size of the businesses in terms of the number of employees. The table below gives these findings.

Table 8:   Size of the Business

Category (Number of employees)	Frequency	Percentage	Cumulative %
1-5	32	53.0	53.0
6-10	16	27.0	80.0
11-15	12	20.0	100.0
Total	60	100.00	

Source: Research Data

53% of the firms have upto five employees. 27% have between six and ten employees
while only 20% have over ten employees.

Type of Business Premises

The study sought to determine the type of premises where the businesses operated.

Table 9 below gives the results.

Table 9:   Type of Business Premises

Type of Business Premises	Frequency	Percentage
Well maintained permanent structure	7	12.0
Permanent structure: poorly maintained	5	8.0
Temporal structure	48	80.0
Total	60	100.0

Source: Research Data

Most (80%) of the small scale furniture manufacturing businesses operate in temporary
premises. 12% operate their businesses in well maintained permanent structures while
8% operate in old and poorly maintained permanent structures.

Business performance

The study sought to find out how the businesses were performing. The results are given in the table below.

Table 10:   Business Performance

Business Performance	Frequency	Percentage	Cumulative %
Very poor	6	10.0	10.0
Poor	20	33.0	43.0
Good	31	52.0	95.0
Very good	3	5.0	100.0
Total	60	100.0	

Source: Research Data

Most of the respondents complained of general poor economic performance in the country. 85% of the respondents said their businesses were experiencing moderate performance, 10% said the business performance was very poor while 5% responded that it was very good. This means that most of these businesses need to step up their marketing activities in order to delight the customers to buy even in these hard economic times.

4.4   Marketing of Product

Type of customers

The type of customers served by these businesses was also determined by the survey. The results are presented in the table below.

Table 11:   Type of Customers

Type of customers	Frequency	Percentage
Households	39	65.0
Institutions	1	2.0
Both	20	33.0
Total	60	100.0

Source: Research Data

Most (65%) of the small scale furniture businesses studied serve households only, 2% serve institutions only while 33% serve both households and institutions. This shows that most of these businesses target a particular market. For those who serve only households, they specialize in making sofas, wardrobes, coffee sets, dressing tables etc. In fact, some of these businesses make only sofas, others make products of hard wood only while others make products of soft wood only.

For those who serve both types of customers, they mainly make school chairs and desks or office furniture. In the production of the furniture, these businesses obtain their raw materials from hardwares, factories and timber yards.

Change of Product category

The respondents were asked if they have changed their product category in the recent past. The results are represented in table 12 below:

77% of the respondents said that they have never changed their product category but only improve on it time after time.23%of the respondents had changed their product category. The reason for the change was the change in customer tastes and also change in the type of customer.

Table 12: Change of Product Category

Response	Number	Percentage
Yes	14	23.0
No	46	77.0
Total	60	100.0

Source: Research Data

Distribution of Products

The respondents were asked to indicate how they distribute their products. The results
are shown in the table below.

Table 13:   Distribution of Products

Channel of distribution	Frequency	Percentage
Have a showroom	3.0	5.0
Sell from business premises	56	93.0
Sell to middlemen	1	2.0
Total	60	100.0

Source: Research Data

In distributing their products, most (93%) of the small scale businesses sell their
products from their premises thus the owners have a good opportunity to serve the
customers effectively and provide what they need. Only 5% of these businesses have a
showroom for their products and only 2% sell to middlemen.

Customer Needs Assessment

The survey sought to find out how the businesses assessed the needs of their customers
so as to serve them effectively. The results are shown below.

Table 14:   Customer Needs Assessment

	Number	Percentage
We survey the needs of our customers	6	10
We produce what our customers want	50	83.0
We usually target a particular market	30	50.0
We take into account the ability of our customers to buy our products	60	100.0

N = 60

* Respondents could tick more than one response.
Source: Research Data

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In the production and marketing of their products, 83% of the respondents indicated that they produced furniture according orders or specifications of the customers. This is the highest form of segmentation. Also 100% of the respondents indicated that they take into account the ability of their customers to buy their products. They did this by looking at how the customers were dressed, whether they were driving or not and how they presented themselves. Thus they could not make products which were too expensive for their customers. Thirty percent (30%) of the respondents affirmed that they target a particular market and this is done by looking at their current customers and thus knowing the characteristics of the prospective customers. Only 10% of the respondents survey the needs of the customers. They did this by asking the current customers what they would exactly like to see in their products.

In order to succeed, any firm should take into consideration the needs of the customers. From the results above, it can be seen that the marketing concept is operational in the small-scale furniture sector.

The researcher also gathered that these businesses relied heavily on word of mouth to promote their products.

4.5   Importance Attached to Market Segmentation

In order for a business to embrace any strategy, it has to consider it to be important for its success. The respondents in this study were thus asked to give the importance they attached to market segmentation. The table below shows the results.

Table 15:   Importance of Market Segmentation

Response choice	Frequency	Percentage
Not important	7	12.0
Important	48	80.0
Very Important	5	8.0
Total	60	100.0

Source: Research Data

From the above table, 12% of the respondents (seven firms) viewed the practice of market segmentation as unimportant. However, 80% viewed it as important while 8% viewed it as very important.

4.6   Extent of the use of Market Segmentation

The respondents were asked to indicate if they were segmenting their markets or not so as to find out the state of the use of market segmentation in this subsector. The table below gives the results.

Table 16:   Extent of the use of Market Segmentation

Response	Number	Percentage
Yes	37	62.0
No	23	38.0
Total	60	

Source: Research Data

The questionnaire defined market segmentation and asked respondents if they were presently using this strategy. Sixty-two percent (62%) of the sample (60 respondents) replied affirmatively while 38% replied negatively. This suggests that market segmentation strategy has penetrated the ranks of small-scale furniture manufacturing businesses to a large degree. An explanation for this finding is that these small firms

may have discovered opportunities in targeting limited volume markets (those that are not sufficiently large to attract the attention of large companies). These firms may have found niches not served by the large firms. Another possible explanation for substantial use of market segmentation by small-scale furniture firms is that some may be targeting by default as they lack resources to serve larger markets. For example, though most of these businesses said they could make very good furniture for the upper class, they said they did not have enough capital to buy the materials for the furniture needed by this group and also to build good showrooms to attract this group of customers.

From personal observation by the researcher, the 62% were those who were aware that they were practicing market segmentation. The 38% who replied negatively it was noted that they were using the strategy but were not aware of it.

4.6.1 Relationship between the use of market segmentation, age of business and level of education

Cross tabulations were used to show the relationship between the use of market segmentation versus level of education of the respondents and age of the business. The tables below show the results.

Table 17: Cross tabulation on the use of market segmentation and level of education

Response choice	Level of Education		Total
	Low	High	
Yes	10	27	37
	27%	73%	100.0%
No	12	11	
	52.%	48%	100.0%
Total	22	38	60

Source: Research Data

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Seventy three percent of the respondents who replied affirmatively to using market segmentation have a high education (high education - from upper secondary, high school, college and university while low education covers adult education, primary and lower secondary).

Table 18: Cross tabulation on the use of market segmentation and year of establishment

Response	Year of establishment		Total
	New	Old	
Yes	17	20	37
	46%	54%	100.0%
No	17	6	23
	74%	26%	100.0%
Total	34	26	60

Source: Research Data

Fifty-four percent (54%) of the firms which practice market segmentation are old firms (old in this case denotes firms that have been in business for over six years while new denotes firms that have been in business for less than six years). On the other hand most (74%) of the new firms do not practice market segmentation. It can thus be said that firms that have been in operation for a long time have better product and marketing strategies and thus practice market segmentation.

4.6.2 Test of Independence between the use of Market Segmentation, versus Age of Business, Size of Business and Level of Education

From the above cross tabulations, a chi-square test of independence was carried out to establish if there is any relationship between the use of market segmentation and level of education; and the use of market segmentation and the period the business has been operating.

In this analysis, the following hypotheses were tested:

H_o: The use of market segmentation is not independent of the respondents and business characteristics.

H_1:   The use of market segmentation is independent of the respondents and business characteristics.

A Pearson Chi-square value (χ^2) was then calculated and this value was compared to the Alpha critical value (3.84) at 95% significance level obtained from the chi-square table. If the χ^2 value calculated is higher than the Alpha value (3.84) obtained from the table, the null hypotheses is rejected.

Table 19:   Results of the Tests

	Respondents/ business characteristic	Finding	Conclusion
Market Segmentation	Level of education	$\chi^2 = 3.862$ df = 1 sig. Level = 0.049	Not Independent
Market Segmentation	Age of business	$\chi^2 = 4.518$ df = 1 sig. Level = 0.034	Not Independent
Market Segmentation	Number of employees	$\chi^2 = 0.02$ df = 1 sig. Level = 0.887	Independent

Source: Research Data

Test of Independence between Market Segmentation and Level of Education

From the above table the chi-square (χ^2) value obtained is 3.862. This value is higher than the table value of 3.84. The null hypothesis is thus rejected and accept the alternative hypotheses. The results reveal that the practice of market segmentation is significantly influenced by the level of education of the owner or manager. The owners or managers who have a higher education level practice market segmentation more than those with low education level.

Test of Independence between Market Segmentation and Age of Business

From table 15 above the chi-square (χ^2) value obtained was 4.518. This value is greater than the table at 95% level of significance. The null hypothesis is thus rejected. These results show that the longer the business has operated the more likely it will use market segmentation. Thus it can be concluded that market segmentation is significantly influenced by the age of the business.

Test of Independence between Market Segmentation and Number of Employees in the Firm

From the above table, the chi-square value obtained was 0.02. This value is less than the Alpha critical of 3.841. Thus we fail to reject the null hypothesis. The results show that the number of employees the firm has will not significantly influence the use of market segmentation.

4.7   Commonly Used Bases of Market Segmentation.

Those respondents who reported using market segmentation were asked to give the extent to which they use the various segmentation variables given in the questionnaire.

This was done in order to get the variables commonly used by the businesses. The results are given below:

Table 20:   Extent to which firms use the segmentation variables

Extent/variable	To a great extent	To moderate extent	To a small extent	To no extent	Total
Region	2.7	8.1	5.4	83.8	100.0
Climate	-	2.7	-	97.3	100.0
Population density	2.7	2.7	2.7	91.9	100.0
Age	45.9	8.1	10.8	35.1	100.0
Stage in family lifecycle	2.7	-	5.4	91.9	100.0
Income	86.5	5.4	2.7	5.4	100.0
Sex	27.0	8.1	13.5	51.4	100.0
Education	24.3	5.4	21.6	48.6	100.0
Occupation	32.4	8.1	18.9	40.5	100.0
Family size	40.5	8.1	5.4	45.9	100.0
Benefits sought	48.6	40.5	2.7	8.1	100.0
Customer loyalty	-	-	2.7	97.3	100.0
User status	-	-	2.7	97.3	100.0
Upper class	-	-	-	100.0	100.0
Middle class	89.2	8.1	-	2.7	100.0
Low class	10.8	29.7	29.7	29.7	100.0
Activities	-	-	5.4	94.6	100.0
Opinions	-	-	2.7	97.0	100.0
Interests	-	-	-	100.0	100.0
Institutional customer	2.7	-	16.2	81.1	100.0
Individual customer	32.4	56.8	5.4	5.4	100.0

N = 37   All figures are in percentage
Source: Research Data

From the above table the variables commonly used by small-scale furniture manufacturers are as follows:

Ninety two (92.0%) of the respondents use income variable to a great and moderate extent, 89.0% use the benefits sought variable to a great and moderate extent, 97.0% of the respondents serve the middle class to a great and moderate extent, 89.0% of the respondents serve individual customers to a great and moderate extent, 54.0% use age to segment their market.

The variables used to a small and to no extent are the geographic variables (region, climate and population density), loyalty of customers, user status, upper and lower class; lifestyle (activities, interests and opinions) and institutional customers.

Further, in getting the variables commonly used, the mean scale values of the variables were calculated and compared to the midpoint on the scale which is 2.5.

The variables with greater mean scale values than the midpoint on the scale were: social class (middle class) whose scale value is 3.84, income (3.73), benefits sought (3.30), type of customer (individual) with a mean scale value of 3.16 and age (2.65).

The rest of the segmentation variables had mean scale value of less than the midpoint of the scale. These results are shown in Table 1 in Appendix Three.

4.7.1 Satisfaction with the segmentation variables currently used

Respondents were asked to provide on a six-point scale (1 = very dissatisfied; 6 = very satisfied) their evaluation of the segmentation variables they were currently using or had used in the past. 'Satisfaction' was defined as the belief that the variable used allowed the firm to develop more profitable strategies than would other methods or variables. Table 21 sets forth the results of the analysis.

Table 21:   Satisfaction with Current Segmentation Method

Response	Number	Percentage	Cumulative %
Very dissatisfied	0	0	0
Dissatisfied	1	3.0	3.0
Somewhat dissatisfied	2	5.0	8.0
Somewhat satisfied	18	49.0	57.0
Very satisfied	0	0	0
Total	37	100.0	

Source: Research Data

From the table it can be observed that 3% were dissatisfied, 5% were somewhat dissatisfied, 48.6% were somewhat satisfied and 43.2% were satisfied. The mean scale value for all the responses was found to be 4.32 which is greater than the midpoint on the scale (3.5). This suggests that the respondents were generally satisfied with the methods they are using.

4.7.2 Test of Independence between Segmentation versus Variables versus Respondents and Business Characteristics

A chi-square test of independence was carried out on data by cross tabulating the segmentation variables that are commonly used (Behavioral, Demographic, Social Class and Type of Customer) by the respondents and business characteristics of level of education, age of business and number of employees.

This test was to establish if there is any relationship between bases of segmentation and the various factors of age of business, level of education of respondents and number of employees. In this analysis, the following hypothesis was tested.

Ho: The segmentation of variables of demographic, behavioral, social class and type of customer are independent of the level of education of the respondents business characteristics of age of business and number of employees.

H₁: The segmentation of variables of demographic, behavioral, social class and type of customer are not independent of the level of education of the respondents business characteristics of age of business and number of employees.

A Pearson Chi-square value (χ^2) is calculated using SPSS computer package, and the

χ^2 value was compared to the Alpha critical value at 95% significance level obtained

from the table. If the χ^2 value calculated is higher than the Alpha critical value, the

null hypothesis is rejected.

The results are shown in the tables below:

Table 22:   Test of Independence Results between Segmentation Variables and size of Business

Business characteristic	Segmentation variable	Finding	Conclusion
Size of business	Demographic	$\chi^2 = 1.950$ df = 2 sig. Level = 0.377	Independent
Size of business	Behavioral	$\chi^2 = 0.032$ df = 1 sig. Level = 0.858	Independent
Size of business	Social class	$\chi^2 = 1.097$ df = 1 sig. Level = 0.295	Independent
Size of business	Type of customer	$\chi^2 = 0.905$ df = 1 sig. Level = 0.342	Independent

Source: Research Data

In coming up with the cross tabulations, the business characteristic factor of number of

employees was divided into categories of 0-5 (few employees) and 5 and above (many

employees).

For demographic variables, the mean of the various methods (Age, Stage in family

lifecycle, Income, Sex, Education, Occupation and Family size) was calculated. The

respondents were divided into three categories, that is those with mean of 1.0-1.9, 2.0-2.9 and 3 and above.

The same procedure was undertaken for behaviouristic variables, social class and type of customer but the respondents here were categorized into two, that is those with a mean of 1-1.99 and 2 and above.

From the table, it can be seen that the bases of segmentation of demographic, behaviouristic, social class and type of customer are independent of the number of employees in the firm.

The study results fail to reject the null hypothesis. There is thus no relationship between the number of employees the business has and the segmentation variable used. This finding may be due to the fact that these businesses fall in the same category of micro and small businesses and the difference in number of employees is very small.

Table 23:   **Test of Independence Results between Segmentation Variables and Level of Education**

Respondent characteristic	Segmentation variable	Finding	Conclusion
Level of education	Demographic	$\chi^2 = 1.655$ df = 2 sig. Level = 0.437	Independent
Level of education	Behaviouristic	$\chi^2 = 0.4$ df = 1 sig. Level = 0.842	Independent
Level of education	Social class	$\chi^2 = 0.09$ df = 1 sig. Level = 0.923	Independent
Level of education	Type of customer	$\chi^2 = 0.13$ df = 1 sig. Level = 0.908	Independent

Source: **Research Data**

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For the cross-tabulation, level of education was in two categories. For the respondents who are illiterate and those who had studied upto lower secondary, these were classified as having a low education level, while those with upper secondary upto college education had a high education level.

The results show that the segmentation variable used is independent of the education level of the respondents. Thus we fail to reject the null hypothesis.

Table 24: **Test of Independence Results between Segmentation Variables and Age of Business**

Business characteristic	Segmentation variable	Finding	Conclusion
Age of business	Demographic	$\chi^2 = 0.453$ $df = 2$ sig. Level = 0.798	Independent
Age of business	Behaviouristic	$\chi^2 = 3.416$ $df = 1$ sig. Level = 0.065	Independent
Age of business	Social class	$\chi^2 = 0.33$ $df = 1$ sig. Level = 0.565	Independent
Age of business	Type of customer	$\chi^2 = 2.258$ $df = 1$ sig. Level = 0.133	Independent

Source: **Research Data**

For the cross tabulation, the age of business had two categories, that is, new business (below six years in operation), and old business (above six years).

From the table, it can be seen that segmentation variables of demographic, behavioral, social class and type of customer are independent of the age of business. Thus the results fail to reject the null hypothesis. The results show that the segmentation

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variable used by the micro and small scale furniture manufacturers is not dependent on the number of years the business has been in operation.

4.8 Other Strategies used by the Small Scale Furniture Enterprises that do not Segment their Markets

Of the sixty respondents, twenty-three do not practice market segmentation. Of these, 50% make products that are suitable for everyone. They do this by making both cheap and expensive furniture using both hard and softwood, thus they don't specialize in anything. 30% felt that provision of quality furniture to the existing customers was more viable than market segmentation. This shows that they follow the product concept. Also, all the respondents who do not segment the market affirmed that they follow competitor's innovations by copying competitor's products and producing the same.

Such firms argued that they were small thus could not segment their market, as they needed a mixed clientele. However, in copying competitor's products, if the competitors were using segmentation strategy, then these firms were also folliwng the same strategy though they may not be aware of it.

From the above responses however, it could be said that those who make both products of soft and hard wood are targeting the rich and the poor. These who make only quality furniture are targeting the rich only as they can afford the cost that comes with quality. Therefore, though they may indicate that they do not segment, it could be because they do not understand the term but in practise they may be segmenting their markets.

5.0   CONCLUSIONS AND RECOMMENDATIONS

5.1   CONCLUSION

This study examined the practice of market segmentation by small-scale furniture manufacturers. Responses of a sample of owners and managers of these businesses provided data from which to form inferences about market segmentation.

Respondents Characteristics

The study revealed that 97% of the businesses interviewed are owned by men while only 3% are owned by women. This subsector is thus dominated by men. The owners are mostly (93%) aged between 15 to 50 years. They are therefore economically active.

Concerning the education level of the owners of the businesses in this study, only 2% were illiterate, 27% had primary education, 67% had secondary education and only 13% had college education. However, it should be noted that 55% of respondents had on the job training concerning the technical aspects of the job they were doing or the general business management. This implied that they were conversant with both technical and managerial aspects of the business.

75% of the owners of the businesses interviewed were full time entrepreneurs and do not have any other occupation. Thus they depended on the enterprises for their survival. The success of their business would improve their standard of living. Thus better marketing strategies would be embraced by these people in order to increase their sales.

Characteristics of the Small Scale Furniture Making Businesses

Of the sample of 60 businesses interviewed, 57% of them are less than six years old thus have to undertake vigorous marketing activities to gain market share. Only 43% of the enterprises have been in operation for more than six years. Also 88% of the businesses operate in temporal or poorly maintained permanent structures. This is a clear indication that business performance is poor. Though 43% indicated that their business performance was poor, 52% ranked their performance as good and only 5.0% ranked it as very good. The reason they gave for this was mainly the poor economic performance of the country in general.

In marketing their products, 65% of the businesses interviewed serve only households while only 2% serve institutions and 33% serve both institutional and individual customers. 93% of the businesses sell their products directly from their premises thus they have good opportunity to serve the customers effectively and provide what they need. Thus it can be concluded that these firms are in close contact with their customers thus it is easy to communicate with them and can define customer needs from the customer's point of view. If the customer has any complaints, then these are made directly to the firm and are solved immediately. Such information flows provide these firms with many good ideas and enable them to act more rapidly to solve problems.

Also in marketing their products, these firms relied heavily on word-of-mouth. A high positive word-of-mouth score indicates that the company is producing high customer satisfaction.

These firms also affirmed that they produce what is needed by customers through making furniture which is ordered by the customers. This is individual marketing and is the ultimate level of segmentation. This is also called customized or one-to-one marketing. In doing this, the firms allow the customers to express their individuality with the products they buy and this allows the customer to participate actively in the design of the product.

All the respondents interviewed indicated that they take into account the ability of their customers to buy.

Extent of the use of Market Segmentation

Almost two-thirds of the respondents (62%) indicated that they were employing this strategy currently. This finding leads to the conclusion that market segmentation has penetrated the ranks of small-scale furniture manufacturers in Mombasa town. This percentage could be higher since those who responded negatively to the use of market segmentation could be practicing it unconsciously and might not be aware they are doing it.

As noted earlier, the plausible explanation for the use of market segmentation was that these small firms might have discovered opportunities in targeting limited volume markets which did not attract the attention of larger companies. They may also have found niches and others might be targeting by default by restricting their business to individual customers only or by serving a specific class of customers.

However, the practice was still at its rudimentary stages and is not as sophisticated as that done in the larger firms. Infact, the use of market segmentation models is non-existent.

Chi-square tests were carried out on the use of market segmentation and respondents and business characteristics. The results revealed that the use of market segmentation was not independent of education level of the respondents and the age of business. However, the use of market segmentation was independent of the size of the firm.

Segmentation Variables commonly used by the micro and small scale furniture manufacturers.

From the study, it was found out that the variables commonly used by these firms were income, age, benefits sought, social class (middle) and type of customer (individual). These variables had a mean score which was greater than the midpoint of the scale (2.5). These variables were mostly used to a great and moderate extent as revealed by the percentages.

Also, the chi-square test of independence results carried on the segmentation variables and respondents and business characteristics failed to reject the null hypothesis. Thus, the segmentation variables of demographic, behaviouristic, social class and type of customer are independent of the number of employees the firm has, the age of business and the level of education of the respondents.

Satisfaction with the different segmentation variables

From the results, the mean scale value was found to be 4.32. This is larger than the midpoint of 3.5. This suggests that the respondents tended to be satisfied with the methods they were using. The satisfaction scores are useful but cannot be interpreted as completely valid measures of how useful particular methods are to individual firms. The needs of small businesses differ and a method useful to one firm may not be to another. Also, satisfaction with a method is a product of the inherent value of the method and the manner in which it is used.

Other Strategies used by the Firms

From the results of the study, the firms that do not undertake market segementation use other strategies like making products suitable for all types of customers, others follow the product concept of making quality furniture and also copying competitors innovations.

5.2   RECOMMENDATIONS

The MSE sector is very important for the development of this country, currently, and thus a lot of effort should be put in assisting the owners of these businesses to adopt proper marketing techniques in order for them to succeed. The use of market segmentation may help the micro and small scale furniture manufacturers to make products which will satisfy their customers needs, and this will increase their market share.

MSE advisors and trainers should train the small business marketers on market segmentation.

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Several variables were found to be commonly used in this study and small firms that are contemplating market segmentation can benefit from these findings. These variables are more popular with MSEs. Still, each firm must carefully analyze its individual objectives, constraints, strengths, weaknesses and resources to determine its segmentation strategy. Policy makers should focus on the commonly used segmentation variables in order to develop the MSEs. Scholars should put more effort in the market segmentation strategy in small business so as to add to the existing knowledge.

5.3   LIMITATIONS OF THE STUDY

The most important limitation is that the study was only done for the furniture-making subsector of the small business sector while we have other subsectors in the small businesses sector such as retail, service, wholesaling etc. The results of these findings are therefore applicable to the furniture-making subsector only.

Secondly, no secondary data could be found pertaining to the use of market segmentation in the small business sector in Kenya. Consequently, this study is exploratory in nature.

Thirdly, lack of financial resources and time constraint also hindered the researcher from enlarging the area of study to include other parts of the country.

5.4   SUGGESTIONS FOR FURTHER RESEARCH

This study mainly dwelt on market segmentation in the furniture making subsector and was mainly interested in establishing the practice and segmentation variables, further studies can be done by examining the reported return on invested capital by the firms that pursue and those that do not pursue market segmentation.

Also, studies can be undertaken to establish if other subsectors in the small business sector pursue market segmentation and determine if the variables used are different in the subsectors.

Dear Respondent,

RE: COLLECTION OF RESEARCH DATA BY MSHENGA P.M.

The above named lady is a postgraduate student I the Faculty of Commerce, at the University of Nairobi. She is conducting a research for her final year project. For this reason, kindly assist her by giving her a few minutes of your time to fill in the blanks in the attached list of questions to the best of your knowledge as they apply to yourself and your business.

The information you provide will be treated as strictly confidential. Neither your name nor that of your business will be recorded. A copy of the project can be made available to you on request.

Your cooperation will be greatly appreciated.

Thank you in advance.

Yours faithfully,

DR. MARTIN OGUTU
CO-ORDINATOR, MBA PROGRAM

APPENDIX TWO: QUESTIONNAIRE

SECTION A: **BIOGRAPHICAL DATA**

1.   Position of the respondent.

      1.   Owner
      2.   Manager
      3.   Spouse of the owner

      If not the owner, then answer question 2 and 3

2.   a)   Respondents sex

            1.   Male
            2.   Female

      b)   Age of respondent ....years old.

3.   How long have you been working in this enterprise? ....years.

Owners Biographical Statistics

4.   a)   Sex of the owner.

            1.   Male
            2.   Female

      b)   Age .... years.

5.   Level of Education:

      1.   No formal education
      2.   Adult education
      3.   Primary education
      4.   Lower secondary education
      5.   Upper secondary education
      6.   Form 5/6
      7.   College
      8.   University

6.   a)   Do you have any other training not listed above?

            1.   Yes
            2.   No

b) What type of training?

    1.   On the job training (technical aspects related to your business)
    2.   On the job training
    3.   Other aspects (please specify) ....

7. Other occupation:

    1. Civil servant
    2. Teacher
    3. Doctor
    4. Farmer
    5. Nurse
    6. Unemployed
    7. Others (please specify) ....

8. a) Name of enterprise (if any) ....

    b) Year of establishment ....

Enterprise Data

9. a) Location of premises .... area
   b) Number of employees........................
   c) Type of premises
     1. Permanent structure (well maintained)
     2. Permanent structure (poorly maintained)
     3. Temporary
     4. Railway wagon
     5. Container
     6. Pavement
     7. Others (please specify) ....

10. How would your rate your business' current performance?

    1. Extremely poor
    2. Very poor
    3. Poor
    4. Good
    5. Very good
    6. Excellent

SECTION B

1. Who are your customers?

   a) Households
   b) Institutions

2. What products do you make?

   a) Household furniture (chairs, sofa sets, dining tables, wall units, wardrobes, beds)
   b) Office furniture

3. Have you changed your product category in the recent past?

   a) Yes
   b) No

4. If the answer to question 13 above is 'Yes', what reasons made you change?

   ....
   ....
   ....
   ....

5. How do you get your raw materials?

   a) From hardwares
   b) From factories
   c) Make them ourselves

6. How do you distribute your products?

   a) Have a showroom
   b) Customers buy from our business premises
   c) Sell to middlemen

7. In the production and marketing of your product, which of the following apply to your firm? (Tick as appropriate).

   1. We usually analyze our potential markets ( )
   2. We often survey the needs of our customers ( )
   3. We produce what our customers want ( )
   4. We usually target a particular market ( )
   5. We take into account the ability of our customers to buy our product ( )

8. Activities in question 17 above are important in market segmentation. How important is this concept to your firm?

1. Not important
2. Important
3. Very important

* Market segmentation is the process of dividing a heterogeneous market into segments which are identifiable for the purpose of designing a product, pricing it appropriately, promoting and distributing it so as to meet the needs of the consumers in the segments attractive to the firm.

9. Do you then segment your market?

1. Yes
2. No

If the answer is No go to Part I
If the answer is Yes go to Part II

PART I (for those who do not segment the market)

1. Why don't you undertake market segmentation?

1. Firm is too small	( )	
2. Concept is not appropriate in local setting	( )	
3. Market not identifiable and measurable	( )	
4. Market is not accessible	( )	
5. Any other (please specify)		

....

....

2. In the absence of formal market segmentation as defined above:

a) How do you make sure that the products you make are suitable for everyone?

....

....

....

b) How do you get suitable customers for your products?

....

....

....

c) How do you adapt customers to the products you make?

....

....

....

d) How do you follow competitor's innovations:

....

....

3. In your opinion, what are the main problems hampering the use of market segmentation in the furniture sub-sector?

   1. Methods are too complicated to understand
   2. Market not developed enough
   3. Lack of trained personnel
   4. Methods not necessary for this subsector
   5. Any other (please specify)

   ....

   ....

PART II (for those who segment the market)

1. What are the benefits of market segmentation to your firm?

   1. Profitability has improved   ( )
   2. Better allocation of resources has resulted   ( )
   3. Competitors have been effectively dealt with   ( )
   4. Any other (please specify) ....

   ....

2. To what extent has your firm used the following variables to segment your market (applicable to those who segment their markets).

Dimensions (variables)	to a great extent	to a moderate extent	to a small extent	to no extent
a) Geographic				
1. Region	( )	( )	( )	( )
2. Climate	( )	( )	( )	( )
3. Population density	( )	( )	( )	( )
b) Demographic				
1. Age	( )	( )	( )	( )
2. Stage if family life cycle	( )	( )	( )	( )
3. Income	( )	( )	( )	( )
4. Sex	( )	( )	( )	( )
5. Education	( )	( )	( )	( )
6. Occupation	( )	( )	( )	( )
7. Family size	( )	( )	( )	( )
c) Behavioral				
1. Benefits sought by customers	( )	( )	( )	( )
2. Loyalty of customers	( )	( )	( )	( )
3. User status of customers (heavy or light users)	( )	( )	( )	( )

d) Social class
1. Upper   ( )   ( )   ( )   ( )
2. Middle   ( )   ( )   ( )   ( )
3. Lower   ( )   ( )   ( )   ( )

e) Lifestyles
1. Activities   ( )   ( )   ( )   ( )
2. Opinions   ( )   ( )   ( )   ( )
3. Interests   ( )   ( )   ( )   ( )

f) Customer
1. Institutional   ( )   ( )   ( )   ( )
2. Individual   ( )   ( )   ( )   ( )

3. Are you satisfied* with the current segmentation variables you are currently using?

1. Very dissatisfied
2. Dissatisfied
3. Somewhat dissatisfied
4. Somewhat satisfied
5. Satisfied
6. Very satisfied

4. In your opinion, what are main problems hampering the use of market segmentation in the furniture subsector?

1. Methods too complicated to understand   ( )
2. Markets not developed enough   ( )
3. Lack of trained personnel   ( )
4. Methods not necessary for this subsector   ( )
5. Others (please specify) ....

....

*   Satisfaction is defined as the belief that the method being used allows the firm to develop more profitable strategies than would other methods.

THANK YOU FOR YOUR COOPERATION

Table1:Mean Scale values on the Extent of use of the various Segmentation Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Extent has your firm used Geographic Region to segment your market	37	1.00	4.00	1.2973	.7403
Extent has your firm used Geographic Climate to segment your market	37	1.00	3.00	1.0541	.3288
Extent has your firm used Geographic Pop density Region to segment your market	37	1.00	4.00	1.1622	.6015
Extent has your firm used Demographic Age to segment your market	37	1.00	4.00	2.6486	1.3787
Extent has your firm used Demographic Stage if family life cycle to segment your market	37	1.00	4.00	1.1351	.5355
Extent has your firm used Demographic Income to segment your market	37	1.00	4.00	3.7297	.7691
Extent has your firm used Demographic Sex to segment your market	37	1.00	4.00	2.1081	1.3078
Extent has your firm used Demographic Education to segment your market	37	1.00	4.00	2.0541	1.2460
Extent has your firm used Demographic Occupation to segment your market	37	1.00	4.00	2.3243	1.3135
Extent has your firm used Demographic Family size to segment your market	37	1.00	4.00	2.4324	1.4248
Extent has your firm used Behavioral Benefits sought by customers to segment your market	37	1.00	4.00	3.2973	.8777
Extent has your firm used Behavioral Loyalty of customers to segment your market	37	1.00	2.00	1.0270	.1644
Extent has your firm used Behavioral User status of customers to segment your market	37	1.00	2.00	1.0270	.1644
Extent has your firm used Social class Upper to segment your market	37	1.00	1.00	1.0000	.0000
Extent has your firm used Social class Middle to segment your market	37	1.00	4.00	3.8378	.5534
Extent has your firm used Social class Lower to segment your market	37	1.00	4.00	2.2162	1.0037
Extent has your firm used Lifestyles Activities to segment your market	37	1.00	2.00	1.0541	.2292
Extent has your firm used Lifestyles opinion to segment your market	37	1.00	2.00	1.0270	.1644
Extent your firm used lifestyles interest to	37	1.00	1.00	1.0000	.0000

Table 1 continued:

	N	Minimum	Maximum	Mean	Std. Deviation
Extent your firm has used institutional customer to segment your market	37	1.00	4.00	1.2432	.5965
Extent your firm has used individual customer to segment your market	37	1.00	4.00	3.1622	.7643

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