MARKETING SEGMENTATION STRATEGIES AS A SOURCE OF COMPETITIVE ADVANTAGE AT EAST AFRICAN BREWERIES LIMITED

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DECLARATION

I declare that this is my original work and has not been presented for a degree in any other university.

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God bless you all.

DEDICATION

This research project is dedicated to my dear wife Tracy Akinyi, daughter Cullent Felicia, Mum and siblings for their inspiration, encouragement, understanding and prayers towards the successful completion of this course. I pay glowing tribute and gratitude to the Almighty God who has given me the wisdom to undertake this course.

ABSTRACT

Organizations aspiring to meet the challenges of today's rapidly changing markets and increasing competition require strategic marketing decisions to be founded on well-conceived strategies. For instance to be successful, firms have go to a market in substantially different ways depending on which market segment each service or product is competing in. Market segmentation is an adaptive strategy. The objective of the study was to establish the role marketing segmentation strategies as a source of competitive advantage at East African Breweries Limited. The study adopted a case study research design while the targeted interviewees were the managers in customer service, marketing, business development and finance. The study found that the company adopts different market segmentation strategies depending on the market niche that is targeted but the common segmentation strategies are demographic, geographical, behavioral and psychographic. It was further found that through market segmentation, the firm has been able to come up with targeted promotional campaigns which facilitates a wider market reach and also reduces the cost of advertising. Market segmentation has increased the rate and level of contact with its customers through faster identification of their needs and being able to address them promptly and that all these factors shows that indeed effective market segmentation is a source of competitive advantage to a firm. In conclusion, it is noteworthy to know that a firm's competitive advantage is dependent upon all factors that influence buyer decision and there is need for a firm not to depend on a single market segmentation strategy but rather combine them in an appropriate mix that will lead to improved financial performance and consequently competitive advantage. The study recommends that EABL reviews their segmentation strategies regularly in order to accommodate the changes in the business environment which is very dynamic in nature and highly competitive. It was further recommended that a further study that empirically tests the effect of marketing segmentation on the financial performance of firms be undertaken.

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ABBREVIATION AND ACRONYMS

EABL	-	East African Breweries Limited
SABL	-	South African Breweries Limited

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Today where the world is being recognized as global village marketing has become vital ingredient for every business success. It is almost becoming difficult to every competitor to survive in a market for a prolonged period because competition is cutthroat. Thus development of right marketing strategy over time is required. Right marketing Strategy is something that helps companies to achieve marketing objectives. Organizations aspiring to meet the challenges of today's rapidly changing markets and increasing competition require strategic management decisions to be founded on well-conceived strategies. Well-justified decisions and clearly defined strategies are vital if the firm is to achieve its goals and objectives while optimizing the use of its resources (Ward and Lewandowska, 2008). Managers have to identify and assess the alternative ways in which their organization can use its strengths to capitalize on opportunities or minimize threats, and invest in available opportunities to overcome its weaknesses. The key task is to generate a well-justified set of strategic options and choose from them the ones that will contribute to the achievement of the corporate strategic goals and objectives.

The porter's five forces theory and Resource advantage theory anchor the study. The porters' theory says that competition within an industry is determined by five forces namely; rivalry of industry competitors, threat of new entrants, bargaining power of buyers, bargaining power of suppliers, and the threat of substitute products (Porter, 1980). Resource Advantage Theory (Hunt and Morgan, 1996) is a theory of business based on firms' varying capacity to obtain needed resources to compete.

East Africa Breweries Limited competes in a market where rivalry is intense with a plethora of brands and sub brands occupying both the lower and upper tiers of the price continuum. Given the Kenyan diverse population base, wealth of natural resources and highly marketable and exploitative factors of endowment provides an opportunity to improve the overall value of the brands to its shareholders and equity partners. Significant economies of scale and scope can be gained in this developing country, especially where the need exists to maximize productivity and profitability. The maximization of profitability in the sector depends to a large extent on the marketing strategy adopted by the companies as hardly will any product survive in a competitive market without any means of marketing. Therefore, one of the ways that East Africa Breweries Limited has adopted is market segmentation strategy in order to achieve competitive advantage over its competitors as it cannot appeal to all customers in the marketplace or at least not to all customers in the same way.

1.1.1 Market Segmentation Strategy

Market segmentation strategy is the division of markets into homogenous groups of customers, each of the segments reacting differently to promotion, communication, pricing and other variables of the marketing mix (Dickson and Ginter, 2011). Market segments should be formed in a way that differences between buyers within each segment are as small as possible. Thus, every segment can be addressed with an individually targeted marketing mix. Kalakota and Whinston (1993) argue that the importance of market segmentation results from the fact that the buyers of a product or a service are no homogenous group. Every buyer has individual needs, preferences, resources and behaviors. Since it is virtually impossible to cater for every customer's individual characteristics, marketers group customers to market segments by variables they have in common. These common characteristics allow developing a standardized marketing mix for all customers in this segment (Dickson and Ginter, 2011).

Marketers have over time recognized that the target audiences of a certain product are not all alike as their tastes and preferences differ greatly in terms of demographics, attitudes, needs, location and social affiliations. Building on the premises that all customers are not created equally, customer segmentation is the method by which companies know and manage their portfolio of customers. Most markets are made up of different individual customers, sub-markets or segments. Pickton and Broderick (2005) established that segmentation and targeting of customers provides a marketer an opportunity to deliver a product within the target audience needs and wants. It is a necessity to establish the needs and values of the target customers within each segment, in order for companies to promote their products, brands or services appropriately.

Harrison (2010) posits that all market segmentation strategies are premised on three basic assumptions that is many markets are significantly, but not completely, heterogeneous regarding consumers' needs, wants, use requirements, tastes, and preferences, and, therefore, can be divided into smaller, meaningful, relatively homogeneous segments of consumers. A firm's market offerings (here, including price, promotion, and channels) can often be designed to meet the needs, wants, tastes, and preferences of such segments and that for many firms, a strategy of targeting specific segments can lead to competitive advantages in the marketplace and, in turn, superior financial performance.

1.1.2 Competitive Advantage

Competitive advantage is an organization's ability to perform in one or more ways that competitors will not and cannot match and is realized by the organization's marketing strategy, the implementation of this strategy and the context in which competition unfolds (Dickson and Ginter, 2007). The target consumers will be the core and center of the organization's marketing strategy. The organization should identify the total market and divide it into smaller segments and it should select the segment(s) and focus on serving them. The organization then engages in marketing analysis, planning, implementation and control to find the best marketing mix and take action. Firms strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns or has the potential to earn a persistently higher rate of profit (Hill *et. al*, 2001).

Competitive advantage typically results in high profits, but these profits attract competition, and competition limits the duration of competitive advantage in most cases, therefore most competitive advantage is temporary. On the other hand, some competitive advantages are sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering (Barney, 2008). Jeppesen (2005) noted that most organizations have been striving to tailor make their products to cater for different market segments in order to enhance their competitiveness. Consequently, a firm's strategic competitive strategy can be the inimitable combination of different marketing factors at the fundamental levels discussed above. Moreover, the characteristics of successful marketing strategy includes a sound marketing strategy, the path taken in the market, the level of management skills within the firm and its unique organizational culture which will be difficult for competitors to imitate or replicate. A particular combination of these factors determines if marketing strategy will deliver strategic value to a firm. Competition is now a war of movement in which success depends on anticipation of market trends and quick response to changing customer needs (Stalk, 2014).

1.1.3 The Brewing Industry in Kenya

For the better half of the last century when Kenya was a British colony, Africans were not allowed to drink ‘bottled’ beer because it was the preserve of their white masters. The colonial authorities also put restrictions on the production of traditional beers such as muratina, changaa and busaa, which were only allowed for ceremonial purposes. Underground brewing of cheap and lethal alcohol to meet the frustrations of the growing population grew into a lucrative, hazardous and deadly culture. Traditional alcoholic brew is often made in homes and villages using seeds, grains, fruit, vegetables or palm sap and is believed to make up the highest proportion of alcohol use in Africa (Willis, 2002). This perhaps is as a result of the fact that it is less expensive than commercially brewed drink.

Formal brewing started with the entry of Kenya Breweries limited which began operations in 1922. The brewery is located in Ruaraka, near Nairobi and has since grown its brewing capacity from 10 crates to 2,500,000 hectolitres per year. East African Breweries limited currently commands a market share of up to 50% of the industry. Second entrant in the industry was UK-based brewer SAB Miller’s experience of doing business in Kenya has been challenging. It made a decision in the late 1990s to enter East Africa’s largest economy through a business partnership with local brewer East African Breweries Limited (EABL).The deal soon fell apart, forcing SABMiller to shut down its Thika plant and exit Kenya in 2002.

Eight years later, the brewer took control of family-owned Crown Beverages Limited — the bottlers of Keringet drinking water— making a quiet re-entry into the Kenyan market. SABMiller has since launched several beer brands in Kenya, unsettling a market that is dominated by its partner-turned-rival, EABL. The range of beers that SABMiller has introduced in Kenya includes Castle Lager, Castle Milk Stout, Redds, Castle Lite and US brand Miller Genuine Draft. The 3rd entrant into the Kenyan beer market is Keroche, who owns a brewery in Naivasha. The company launched new brands in October 2008 namely Summit lager and Summit Malt. Micro brewers or Craft brewers in Kenya include Sierra Brasserie established in 2006, Big Five Breweries also known as Brew Bistro and Lounge established in 2009.

1.1.4 East Africa Breweries Limited

Kenya Breweries Limited (KBL) was formally registered on 8th December 1922 by two brothers-Charles and George Hurst, and a friend named H.A Dowding, with each of them subscribing 2,500 sterling pounds towards the venture. Charles and George had come to Kenya on a hunting expedition towards the end of World War 1 but fell in love with the country and settled in Kitale where they bought a farm. At the time of registering the company, the trio had acquired land in Ruaraka and purchased brewing equipment from England. Production commenced on 14th December 1922, and the very first order of 10crates of beer was delivered to the Stanley Hotel in Nairobi. In 1932, in a move aimed at gaining a better market penetration in Mombasa and Tanganyika, the directors of the company acquired a brickfield in Tanganyika and established a new company there, Tanganyika Breweries Limited. The following year, Kenya Breweries became a public company; in 1934, an amalgamation of Tanganyika Breweries gave rise to a new name of the company-East African Breweries Limited. By 1945 the brewery in Ruaraka was producing 35,000 gallons a month while the Dar-as Salam brewery was producing 12,000 gallons quantities that by all standards were able to meet the market needs, but proved to be a dribble, with the arrival of troops from South Africa, India and Britain (EABL Homepage, 2015).

Expansion became the key thrust in the sixties; through mergers and acquisitions, East African Breweries encompassed additional businesses such as Uganda Breweries, Allsops (East Africa) Limited as well as Kilimanjaro Breweries in Tanzania. In 1985, the company set up Central Glass Industries, a subsidiary that would produce glass bottles. This move was aimed at safeguarding a consistent supply of quality bottles. In 1986, Kenya Breweries signed an agreement with a major United States beer distributor who would begin distributing Kenya Breweries products in the United States of America. In 1996, the company unveiled Citizen, the first beer to be brewed from 100% non-malted barley, a year later the company installed an ultra-modern state of the art bottling line in its Ruaraka plant(EABL Homepage, 2015).

East African Breweries Limited has grown its presence in the East African region following acquisition of majority interest in Tanzania's Serengeti Breweries Limited in October 2010. The company continues to expand with strong presence in Southern Sudan, Rwanda and Burundi where all the key brands are available. Today, East African Breweries Limited has a growing portfolio of beers, spirits, wines and non-alcoholic adult drinks brands. The beer portfolio includes Tusker, Pilsner, Tusker Malt, Senator, Bell, Premium Serengeti, Whitecap, Balozi and world's number one stout brand Guinness. The company's appeal across the region goes beyond its high quality and award winning brands. By providing employment to 15000 people, and contributing approximately kshs 25 billion annually to the Exchequer, East African Breweries is indeed a key driver of the region's economy (EABL Homepage, 2015).

1.2 Research Problem

Companies all over the world are experiencing stiff competition from their competitors. Globalization has driven many organizations to widen their resources and capability enhancement from internal environmental practices to greater heights. Companies must be flexible to respond rapidly to competitive and market changes. They must benchmark continuously to achieve best practice. The dynamics of the business environment for organizations as well as the dynamics of the customer needs are not debatable. It is therefore very important for organizations to respond to the changing needs of the customer and the business environment (Peterson *et al.,* 2007). The need to respond to market changes on a daily basis and the difficulty of predicting the direction of such changes mean that organizations must focus on their core competences and capabilities. The global marketplace has placed a tremendous amount of pressure on companies to improve their performance thus manufacturers and service providers must often make the decision on the marketing strategies to adopt in order to be efficient. Thus in order to secure their market the firms has adopted market segmentation strategy (Anderson and Simester, 2011). This could be further encouraged by the intensifying competition among industry players, and the widening trend of supply network competing against other supply networks rather than single entity or company against others.

In this era of shrinking markets, East African Breweries Limited can gain competitive edge over rivals by devoting resources to improve customer satisfaction in order to retain existing customers and win new customers. To gain real competitive advantage, the focus of target marketing must be on developing new-to-the world or new-to-the-market products that provide consumers with totally new perceived benefits. Regardless of the industry, the changes in the market place that are affecting most companies, and how they compete, are the same: dramatically improving quality; increasingly global markets and more competitors; and more demanding customers. East African Breweries Limited therefore must adopt market segmentation strategy to overcome this problem by specializing to satisfy the needs of various segments of the market.

International studies that have been undertaken on marketing segmentation include Heok, Gendall and Esslemont, (2011) study on factors influencing market segmentation in the hotel industry in United Kingdom. The study established that measurability and action ability featured more prominently as criteria for market segmentation of hotels. It concludes that market segmentation promotes competition and enhances performance of hotels. Claycamp and Massy, (2012) study on the effects of market segmentation on customer service in the banking industry in Belgium established that the commercial banks groups various customers into four market segments as follows: standard or mass segment, premiere life or prestige segment, premiere segment and corporate banking segment. The main basis of market segmentation or variables of segmentation is the net worth of the customer and market segmentation has helped to enhance the customer service quality and customer delivery experience at Barclays as well as customer loyalty.

Local studies have been undertaken on marketing segmentation strategies includes Musili (2011) who researched on the effect of market segmentation on Co-Operative Bank of Kenya competitive advantage and found out that the bank considers customers needs in developing its market segmentation strategies. The study concluded that market segmentation leads to provision of lower prices, greater benefits and services that justifies higher prices hence giving the Bank a competitive advantage. Kitinya (2011) researched on the managers' perceptions of the importance of market segmentation strategy in performance enhancement of commercial banks in Kenya. The study established that demographic factor is the most significant factor that determines the market segmentation strategies adopted by banks. Geographic, behavioral and psychographic are also determinant factors.

The study concludes that, the success or failure of bank's overall brand image is one area in banking industry that is most influenced by market segmentation. Muthomi (2012) researched on the use of market segmentation as a strategic management tool by commercial banks in Kenya and established that banks employ geographic, demographic, psychographic and behavioral segmentations as their strategic management tool. The results indicate that no study has been undertaken on market segmentation in the manufacturing sector and thus the study seeks to answer the questions; what are the marketing segmentation strategies adopted by East African Breweries Limited? Do market segmentation strategies affect competitive advantage of East African Breweries Limited?

1.3 Research Objectives

i. To identify market segmentation strategies adopted by East African Breweries Limited.

ii. To identify the effect of marketing segmentation strategies on East African Breweries Limited competitive advantage.

1.4 Value of the study

The findings of the study will be of value to theory as much has been written about market segmentation and market segmentation theories. These theories have not been tested in different sectors of industries. This study will focus on market segmentation strategy in beer manufacturing industry and therefore whether the theories conform to policy statements and general plans of market segmentation.

The management of East African Breweries Limited will benefit a great deal from this study since the findings of study will be particularly concern the company. The management will be able to gain more insights concerning the competitiveness of their company's strategic marketing processes. Knowledge from the study will be used by the marketing department of other companies in the industry as a basis of developing business strategies and specifically, market segments for their customers and to promote customer service excellence.

This study will contribute to the body of knowledge that can be used by scholars and researchers in the field of academia to develop further studies. The study will add to the body of knowledge in the area of marketing in the manufacturing industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provided information on theories underlying the study. It also reviewed marketing segmentation strategies and its role on competitive advantage.

2.2 Theoretical Framework

The theoretical perspective in a research reflects the researcher's theoretical orientation, which is crucial to interpreting the data in a qualitative study, irrespective of whether it is explicitly or implicitly stated. The study will be based on the Porter's five forces theory and the Resource advantage theory.

2.2.1 Porters Five Forces Theory

The study is hinged on Porter's five forces theory. According to Porter's five forces theory the industry structure and positioning within the industry are the basis for the model. Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness. The ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firm's behavior. The five forces determine industry profitability, and some industries may be more attractive than others. The crucial question in determining profitability is how much value firms can create for their buyers, and how much of this value will be captured or computed away. Industry structure determines who will capture the value. But a firm is not a complete prisoner of industry structure; firms can influence the five forces through their own strategies. The five forces highlights what is important, and directs manager's towards those aspects most important to long term advantage (Porter, 2002).

Competitive rivalry also affects the success of firms in their competitive environments. The number of competitors as well as their capabilities and magnitude will determine the intensity of rivalry. Industry rivalry is considered high when: customers have low switching costs; there are high exit barriers; the industry is growing; and there are high fixed costs that lead to high production and lower prices (Hill and Jones, 2010). Rivalry has been seen to constitute price wars, advertising wars and difficulty in competing (Enz, 2010).

The bargaining power of buyers is the potential with which buyers will bargain down the prices charged by firms or the power by which they will demand better quality and service of products (Hill and Jones, 2010). When the buyers have a strong bargaining power, they will be few in number. Since they have a high purchasing power, they will purchase in large (bulk) quantities. They are well informed about the product and the market; the cost of switching to a competitor’s product is low; when the product is not differentiated; or when the shipping cost is low. In this way, buyers are identified as a threat to the firm.

The bargaining power of the suppliers is considered as the ability of suppliers to increase prices of inputs. Strong suppliers deny firms of their profits through increasing their costs. Suppliers gain a higher bargaining power when there are few substitutes; they cannot be substituted; they are unique; they have high switching cost; or they are a significant input to the buyers’ products. In this case the suppliers pose a threat to the profits of the firm since they dictate to the firm (Hill and Jones, 2010).

Threat of substitute products considers how easily the customers of a firm can shift to competitor products (Roy, 2009).In case a firm's customers can easily switch to competitor products, it means that the firm is likely to lose its market grip, something that will significantly affect the firm's business activities and revenue, and, depending on the magnitude of the switch, failure of the firm. A successful firm is one that exists in a market where the threat to substitute products is very low.Since globalization opens the boundaries of trade among nations and firms from different regions of the world, these five forces of competition model significantly helps explain the study variables under a globalized market. For instance, globalization has seen increased rivalry due to increased competition. It has also reduced the entry barriers to several areas of business.

2.2.2 Resource-Advantage Theory

Resource advantage theory is an evolutionary, disequilibrium-provoking, process theory of competition, in which innovation and organizational learning are endogenous, firms and consumers have imperfect information, and in which entrepreneurship, institutions, and public policy affect economic performance. Hunt (1995) noted that for resource advantage theory, both firms and resources are proposed as the heritable, durable units of selection, with competition for comparative advantages in resources constituting the selection process. Given these precepts of resource advantage theory, when strategic segmentation is used, managers must rely on imperfectly available and costly resources to segment a heterogeneous market, and the availability of the required resources will have an effect on the value produced. Likewise, once the market is segmented, managers would be expected to take action on the segmentation results where, again, resource availability may hinder the manager's desired actions.

Hunt and Arnett (2003) noted that both firm and resources are proposed as the heritable, durable units of selection, with competition for comparative advantages in resources constituting the selection process. Resource advantage theory recognizes that many of the resources of firms within the same industry are significantly heterogeneous and relatively immobile. Therefore, analogous to nations, some firms will have a comparative advantage and others a comparative disadvantage in efficiently and/or effectively producing particular market offerings that have value for particular market segments. Therefore, firms compete for comparative advantages in resources that will yield marketplace positions of competitive advantage for some market segment(s) and, thereby, superior financial performance (Kamakura and Russell, 2009). On the whole, Resource advantage theory provides a foundation for how firms behave along a continuum of no segmentation (ignoring heterogeneity or choosing to view the market as homogeneous) to segment-of-one segmentation. Variation within this range of how managers view segmentation can be explained by the firms' access to resources to both perform and act on segmentation.

2.3 Market Segmentation Strategies

A market segment is a group of present or potential customers with common characteristics that are relevant in explaining their response to suppliers' market stimuli (Kotler, 2002). Segmentation is the core of all marketing problems through; organization not satisfying the needs and wants of all consumers, company making loss on serving majority of their customers, while a small number of high-valued customers are accountable. Segmentation strategies are successful when the benefits of engaging in such strategies outweigh the costs, the main objective of segmentation research is to analyze markets, find niche opportunities, and capitalize on a superior competitive position.

Market segmentation planning process is categorized into seven stages. The first stage involves identifying bases for segmentation which involves group of customers into segments based on similar needs and benefits by customer in solving a particular consumption problem. Second stage is using the bases to identify potential market segments to determine which demographics, lifestyles, and usage behaviors make the segment distinct and identifiable. Third stage is developing portfolios of segments that are strategic alternatives in determining the overall attractiveness of each segment. Fourth stage is ascertaining the resources necessary for each strategic alternative in determining segment profitability (net marketing contribution). The fifth stage involves assessing existing resources to create a "value proposition" and product-price positioning strategy based on segment's unique customer needs and characteristics. The sixth stage involves selecting an alternative that targets a particular market segment in testing the attractiveness of each segment's positioning strategy and finally, securing the resources necessary for the target to all aspects of the marketing mix: product, price, promotion, place, and people (Charles, Lamb and McDaniel,2003).

Strategic segmentation is categorized into two dimensions: the strategic market view and the strategic market approach. These two dimensions are inter-related and describe the organization alternatives in availability of resources related to view of the relative heterogeneity of market and organizational market approach. The strategic market view describes a continuum of market segmentation views based on organization assumptions of the market's relative difference.

Organization involved in segmentation can be placed into one of four categories: mass marketers, concentrated marketers, differentiated marketers, and segment-of-one marketers (Babinand Harris, 2012). Marketing managers can choose a few focuses on segments and be concentrated marketers or choose to address many segments and be differentiated marketers. Organizations have the operational abilities and skills to understand and address the needs of individual customers, to promote and distribute the products based on individual consumer's preferences. Organization can vary their segmentation depending on their ability to gather and use the information required to perform a given level of segmentation (Snellman, 2000).

The strategic market approach describes organization's motivations in approaching the market for strategic segmentation and can be described by two categories, a priori and posthoc. Priori firms involves the firm /organization taking advantage of the resources at hand but may suffer from long-run competitive pressures while post hoc firms begin in addressing consumer needs. Post hoc firms face market shifts that occur faster than their ability and deploy the necessary resources to less advantage of market (Paromita2007). The firm types can perform strategic segmentation and uses data of segments for targeting, positioning, guiding strategic distribution and promotion. However both firm types can have multiple products which are differentiated to intra-firm and intra-market.

The fundamental of strategic thesis in market segmentation is achieving competitive advantage and superior financial performance, the organization /firms should; identify segments of industry demand, target specific segments of demand, and develop specific marketing "mixes" for each targeted market segment. The theory of market segmentation strategy contains: allowing for the existence of demand heterogeneity, explain why firms would choose to produce and market a variety of market offerings, and analyze a mechanism which market segmentation use to gain superior performance (Babin and Harris, 2012).

2.3.1 Market Segmentation Practices

The demographic segmentation divides customers into segments based on demographic values such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, social class and nationality (Armstrong and Kotler, 2005). The demographic segmentation is used in market segmentation for easy identification and measure of variable. Demographic variables are also associated with sale of many products and services resulting in providing a description of the customer's target. It is importance that companies focus on consumers 'changing needs and preferences at different stages during their life to avoid failure to benefit from their customers.

Geographic segmentation entails dividing a market into different geographical units such as nations, states, regions, counties, cities or neighborhoods The enterprise can choice to start a business in one or more geographic regions or to operate within all the regions. Different regions consist of different customs, so the enterprise must execute marketing strategy in accordance with the local situation. Many companies today are localizing their products, advertising, and promotion to fit the needs of individual regions, cities and neighborhoods. The segmentation is used by multi-national industrial and high-tech businesses, which alter their marketing mix based on the differing needs of consumers in each of the geographic segments (Kotler & Armstrong, 2003).

Psychographic segmentation is based on social class, lifestyle or personality characteristics, it describes the looks at the inner person rather than the outward expression of the person and assist companies in consumers' behavior understanding which is useful for companies when they target and position their products (Paromita 2007). Consumers carry their lifestyle through the products they purchase and consume, therefore lifestyle determine how they communicate their values and personalities through different activities, interests and opinions (Steenkamp and Hofstede 2002).

Behavioral Segmentation buyers are divided into groups on the basis of their knowledge of, attitude towards, usage of, or response to a product. "Many marketers believe that behavioral variables, including occasions, benefits, user status, usage rate and loyalty status, are the best starting points for constructing market segments (Philip Kotler, 2007). Many marketers believe that behavioral variables such as occasions, benefits, user status, usage rate, buyer-readiness stage, loyalty status and attitude are the best starting points for constructing market segments.

2.4 Role of Marketing Segmentation Strategies on Competitive Advantage

The role of marketing segmentation strategies in a company consists of better communication with and understanding of customer's needs and wants, while all customers have different needs, therefore should be handled in different ways. Market segmentation allows business to develop a product and a marketing mix that fit a relatively homogeneous part of the total market through focusing its resources on a specific customer base (Kotler and Armstrong 2001).

Segmentation enables identification of different customer segments and their preferences which give the company solution to cater for customers throughout their life cycle by adopting the product or service to the segment's needs. It gives a company way to retain customers and be able to satisfy them effectively (Macdonald & Dunbar, 2004). Segmentation supports strategies, highly attractive segments identified and market leadership achieved by allowing different prices which favour the customers with low incomes makes profit increase in the companies (Wedel and Wagner 2000). Competitive production and marketing costs decreased are associated with segmentation; it should provide opportunities for growth of businesses and enabling the most profitable customer groups to be given special attention thus improving loyalty and retention.

The segment of a company should be substantially large and profitable enough to warrant the marketing entity in designing marketing mix strategies differentiated from strategies that target other segments (Kotler 2001).The company will have sufficient sales and profit potential to warrant unique or separate marketing programmes. Marketing strategy of the business attracts market environment opportunities which make market segmentation the right tool in achieving the goal by identifying the needs satisfied and those not yet satisfied.

Market segmentation assist the company master the features of target markets and to design marketing mixes. Market mix is a marketing plan used by business through considering product, price, sales promotion and selling place whereas marketing segmentation act as the best mix of specific market. Segmentation, targeting and positioning are marketing techniques used by a company to gain competitive advantage in the market. The combination of market segmentation strategy with product differentiation strategy leads to effective way of matching organization product strategy to the characteristics of target market segments. Segmentation effectiveness depends on arriving of segments which are measurable, accessible, substantial, actionable and differentiable (Kotler 2001). Successful segmentation strategies ensures better planning and more effective use of firm resources. Organizations should adopt the use of market segmentation strategies for more efficient and effective competitive advantage.

2.5 Empirical Literature

Companies recognize that they cannot appeal to all buyers in the marketplace or to all buyers in the same way. Buyers are too numerous, widely scattered, and varied in their needs and buying practices. Most importantly, nearly all markets include groups of people or organizations with different customer needs and preferences. Market segmentation helps marketers define customer needs and wants more accurately. Alcoholic beverage companies can view the total consumer market as being made up of a collection of segments, each one representing a distinct and separate set of customer expectations. Alcoholic beverage firms view of market segment consists of those customers who share a common set of expectations regarding retail stores, and consequently tend to respond favorably to a particular combination of value offers, consisting not only the attributes of physical products but also of services, atmosphere and any other sources of potential satisfaction (Davidson et al. 2000).

Bucklin, Gupta, and Siddarth (2008) study on determining segmentation in sales response across consumer purchase behaviors found out that the possible benefits of segmentation were; by specialization, companies could stimulate greater consumption and thereby market expansion. If there are few competitors within a given segment, promotional costs might be reduced.

Baloglu, Weaver, and McCleary (2010) study on factors influencing market segmentation in the hotel industry in Turkey established that measurability and actionability featured more prominently as criteria for market segmentation of hotels. It concludes that market segmentation promotes competition and enhances performance of hotels in Turkey.

Craft (2004) study on the international consumer market segmentation managerial decision making process established that in general, customers are willing to pay a premium for a product that meets their needs more specifically than does a competing product. Thus marketers who successfully segment the overall market and adapt their products to the needs of one or more smaller segments stand to gain in terms of increased profit margins and reduced competitive pressures. From the studies, marketing segmentation strategy has been used by organizations to achieve competitive advantage in other sectors, however there is no study that has been undertaken locally in the beer industry. The study therefore filled the gap that has not been researched by undertaking the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was used to carry out the study. The chapter describes the proposed research design, data collection and data analysis.

3.2 Research Design

The research design for the study was a case study. A case study is an in-depth investigation of an individual, institution or phenomenon. Kothari (2004) notes that a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. The reason for this choice of case study was based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships and also provide a holistic understanding of the phenomena when dealing with only one organization.

3.3 Data Collection

The study used primary data which was collected using an interview guide. The interview guide contained open-ended questions to collect qualitative data. The respondents that were interviewed were two area business development managers, a commercial planning and activations manager, a brand manager, a key accounts manager, a capability manager and two trade marketing managers. These were considered to be key informants for this research as they are the source of information that can assist in understanding the context of an organization, or clarifying particular issues or problems. The choice of the respondents was very important, as the respondents were involved in the day to day running of the organization. Furthermore, they provided access to more significant and useful secondary data as documents, and other valuable information.

3.4 Data Analysis

The data obtained was analyzed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). It involves observation and detailed description of objects, items or things that comprise the object of study. Content analysis technique makes references by systematically and objectively identifying specific characteristics of information and using the same approach to relate to trends. This approach was more appropriate for the study because it allowed for deep, sense and detailed accounts in changing conditions.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish the role marketing segmentation strategies as a source of competitive advantage at East African Breweries Limited. This chapter presents the analysis and findings with regard to the objective and discussion of topic.

4.2 Demographic Profile

The demographic information was intended to assess the capacity of the respondents to answer the questions on the interview guide and also whether they are versed with the subject matter of the study. The research aimed at interviewing eight senior managers in marketing, sales, customer marketing. The specific respondents in the interview were area business development managers, commercial planning and activations manager, brand manager, key accounts manager, capability manager and trade marketing managers

4.2.1 Response Rate

The respondents in the study were eight employees of the company and all the eight interviewees were available for the interview. This represented a 100% response rate.

4.2.2 Level of Education

In terms of the interviewees' professional and academic qualification, it was found out that three of the interviewees had a bachelors degree in business related fields while five of the interviewees had masters degree in business related fields. The results indicate that the interviewees were knowledgeable on the importance of market segmentation to the company having come across the concept and its importance to an organization while undertaking educational studies.

Table 4.1: Highest level of education

Level of education	Frequency	Percent
Post graduate	5	62.5
University	3	37.5
Total	8	100.0

4.2.3 Years of Experience

The interviewees' number of years working in the company was important for the study in order to determine the influence of experience in the organization market segmentation. 37.5% of the interviewees said that they have worked in the company for less than two years, another 37.5% said that they have worked for a period of between two and five years while 25% of the interviewees indicated that they have worked in the company for more than five years. From the results, majority of the interviewees have worked in the company for more than two years and therefore they understand the marketing strategies that are used by the company and the need to adopt marketing segmentation in order to come up with products that suit each category.

Table 4.2: Years of Experience

Years	Frequency	Percent
Less than 2	3	37.5
2 – 5	3	37.5
Over 5	2	25.0
Total	8	100.0

4.2.4 Duration Holding Current Position

The interviewees were asked the duration they have been holding the current position and six of them said that they have been holding the position for less than one and half years while two of the interviewees said that they have held the position for two years. The results indicate that interviewees have not held the position for a long period of time while those who have worked in the company for less than two years are the same employees who were employed externally to the current position though they indicated that they have worked in other beer manufacturing firms, the interviewees have the requisite experience on the sector and the strategies that are needed to ensure that the company serve the different consumer segments in the country.

4.3 Market Segmentation Strategies

This section of the interview guide sort to establish from the interviewees the different market segmentation strategies that EABL had employed to cope with the changes that is being faced by the industry. The interviewees noted that the firm appreciates the role of market segmentation as a strategy to gain competitive advantage as it was found that EABL employs market segmentation as an important strategy in such a dynamic business environment as is currently experienced in Kenya and East Africa region.

Market segmentation is one of the fundamental principles of marketing; given the fact that firms cannot serve all of their customers in a market because of diverse (heterogeneous) needs and preferences. The basic tenet of market segmentation is that a heterogeneous group of customers can be grouped into homogeneous groups or segments exhibiting similar wants, preferences, and buying behaviour. The interviewees noted that market segmentation criteria used by EABL was accessible, measurable, substantial, durable and actionable to the market. The interviewees further highlighted that the firm uses different segmentation strategies that depends on the identification of groups of potential customers who have different needs, wants, tastes, and preferences.

Some of the criteria that the firm uses to segment the market include the purchasing power which is used for those who earn different income like the keg brand which is meant for those who are low income earners; cliental frequency to outlets, demographic segmentation and consumer group. It was found that once a large relatively homogenous group has been identified EABL develops its product that will appeal to them by identifying consumer motivation for consuming the products they do and the occasion they consume the same product. Consumer motivation that will influence the segmentation include affiliation, independence, discernment, release, status after which it is matched with the consumption occasions such as casual get together, relax and unwind moment, special occasions, party time or informal meal. By looking at the above attributes, the company will be able to identify the appropriate segment.

The interviewees also pointed out that EABL uses a combination of a geographic, demographic, psychographic and behavioural segmentation for their products. The occasion based segmentation for example considers a market based on the unique events that require unique products such as the canned beer products targeting those who need to take beer although they cannot access nearby retail outlets. In addition the geographic segmentation was popularly used in the firm whereby the consumers are located in different locations such as the up market or the low income areas. Under such arrangement, it was found that EABL tailor develops products that are packaged differently such as Senator Keg in barrels.

The demographic segmentation strategy that is applied by the firm include using consumer demographics such as age, lifecycle stage, income and social class. In addition, the interviewees pointed Psycho-demographic segmentation strategy as being used by EABL and this attribute include the segmentation using such attributes as cultural background and sports affinity. A more recent marketing segmentation strategy that EABL introduced that was informed by the consumer social and behavioral characteristic– Benzi segment is where consumers are not price sensitive and they want to be seen as discerning. They want top quality service and unique experiences and a wide variety of food and drinks to choose from.

Kutana segment is where consumers want a comfortable and secure environment where they can meet with their friends and find their favorite brands available at the right price, good food and entertainment. Heppi Ngoma segment is where consumers want new experiences to share with their friends, to be the first to know where it is ‘happening’ and get great entertainment. Mzalendo segment is consumers are very price sensitive and make their purchase decision based on their wallets. Nafuu segment is where Consumers want assurance of quality, affordability, accessibility and security. They want to socialize and network in a safe and familiar environment where they can access credit and they are very price sensitive.

The marketing segmentation process in a firm is usually informed by existence of several factors. The interviewees pointed out that the factors that influence their marketing strategy include gender, age, income and social class of the consumers. In addition, the questions that are asked before segmenting a market is whether the company can tap into the market profitably and whether the market is large enough. In addition, EABL considers its product portfolio and whether the existing products meet the demands of the market. In addition, it was also found that innovation, adopters, early majority, late majority and laggards' factors will need to be put into consideration in setting a market segment.

A firms marketing segmentation strategy is aimed at ensuring that the firm reacts appropriately to the business changes in the operating environment. The interviewees were asked how the marketing segmentation strategy has affected the capacity of EABL to respond appropriately to competitive pressures in the market, they noted that market segmentation has enabled the company to prioritize its resource and direct more resources to the higher value segments downwards to lock competition. Such strategy was applied when SABL made a foray into the local market which destabilized EABL's market share. During the period, EABL focused on promoting its main brands of Tusker, Guinness and Pilsner whose sales performance was threatened mostly by the SABL products. Increased advertising budget was employed during the period to defend the brands' position in the market. Marketing segmentation strategies being adopted by EABL was also found to have enabled the company to come up with targeted promotional activities that was able to counter competitor activities in addition to providing the right price and product to the right consumer and also targeting the right promotions that seek to address the needs of that consumer.

To target the low income consumers, East African Breweries Limited (EABL) launched Senator Keg Larger and Senator Dark Extra dispensed from 50litre barrels that remain affordable to the consumer as the price offering is competitive. For high-income and middle-income consumers, EABL launched an online platform for consumers to place orders within Nairobi and get delivery in 24 hours hence providing an opportunity for higher sales and enabling it to maintain its leadership in the market. The growing middle-income consumer segment with high spending power and growing nightlife saw SABL and East African Breweries Ltd launch Castle Lite and Tusker Lite, with both products using appealing packaging and product attributes to reach this specific target audience.

An appropriate market segmentation strategy enables a firm to communicate effectively with its customers and at the same time understand customer needs and wants. In the case of EABL, the interviewees enumerated that segmentation enables the company to specifically channel the right communication for the target segment and also by having smaller subsets with the same needs and wants, the company was having a laser focus to address specific demands of each segment. This is because, as the business landscape changes, it is much easier for the company to address the needs of a group of unique needs than when the customer groupings have different needs. In addition, it was also found that through market segmentation, EABL has been able to come up with targeted promotional campaigns which facilitates a wider market reach and also reduces the cost of advertising. With targeted marketing, it was also found that it is easier to satisfy needs and wants of the customers since they are almost similar per segment. Different consumers have different needs that need to be addressed. These consumers also live within various geographical locations and on the basis of this, promotions will be targeted to meet or trigger that specific need of that consumer like Guinness consumer can be best communicated to through Barclays Premier League activations while a Senator Keg consumer can be best communicated to through price activations.

4.4 Effect of Market Segmentation as a source of Competitive Advantage

The adoption of a particular marketing strategy by a firm is meant to increase its competitiveness. With customers' pressures on one side and limited resources on the other, companies increasingly turn to market segmentation for creating competitive advantage and achieving effective targeting. In this regard, the interviewer sought to establish the effect that various marketing segmentation strategies has had as a source of competitive advantage to EABL. Through market segmentation, the interviewees said that the company has been able to understand the various consumer behaviours when purchasing, consuming the product and disposing the products and from this, the company has been able to come up with innovation products targeting specific consumers group and with such capacity, the ability to meet the needs of the consumer. The interviewees gave an example of Senator Keg that was developed for the low income consumer who is very price sensitive, Tusker Lite beer with lower carbs for the consumers who are weight sensitive. This segmentation strategy enabled the company to penetrate markets which hitherto had not ventured into and also meet the unique needs of its customers. With these benefits, the company has continued to establish itself as a market leader in the alcoholic industry.

The operational cost per unit sales came out as yet another advantage that has been accrued from segmentation of the market. The interviewees said that by proper focus on a particular market need, there has been effective resource deployment since the company will know specific audience that it is targeting and this will facilitate addressing such consumer needs at every level more effectively. In case the company needs to carry out a research about a particular attribute, it was found that, through market segmentation, EABL has been able to carry out research through retail audits monthly per segment to identify specific customer/consumer needs within the segment and develop appropriate marketing strategy.

The competitive beer industry occasioned by both local and international beer companies has seen the market share of EABL being threatened and as such they ought to react quickly to protect its market. Marketing segmentation has enabled the company to increase the rate and level of contact with its customers through faster identification of their needs and being able address them promptly. The interviewer found out that the company was able to identify the segment that delivers most for the company and from the same invest more on it and this is found to increase the market share. For example, the interviewees said that by identifying a specific segment like the Nafuu (low income) EABL has increased and retained its market share by identifying right people in the segment and putting in the right brands in the right segment at the right price.

Marketing segmentation has also been found to enable a company to identify clearer market opportunities in the changing business environment. It was found that by EABL being able to tap into an opportunity and project the expected return, each decision is based on sound financial analysis. This was attributed to the company being able to form a smaller spectrum in each segments and being able to give it more room to get deeper insight into the segment demands, need and hence opportunities to focus on and gaps to be filled. In addition, it was found that because of changing lifestyle and globalization, the company has been able to merge with international companies such as Diageo to provide differentiated products that cater to the growing middle class group. Further, as a result of the changing dynamics of the customers the company through segmentation has identified various opportunities which resulted in the renovation of its products such as Tusker Malt aimed at meeting the needs of consumers that associate with premium products and therefore the company is able to charge a price premium to tap into the opportunity hence driving value and market share.

4.5 Discussion of the Findings

Market segmentation has been lauded within the business literature as one of the most important and influential marketing concepts of the twentieth century (Frank, 2002). The study found out that market segmentation attempts to respond to divergent demand within a heterogeneous market by subdividing it into smaller, more homogenous markets that can then reflect a more precise satisfaction of consumer desires. The study established that market segmentation at EABL relies on advertising and promotion to inform the segmented markets of the availability of goods or services produced for or presented as meeting their needs with precision. The findings of the study was consistent with David and Albert (2006) findings that the various segments identified should be homogeneous within themselves, but heterogeneous without (different from other segments). The goal is to facilitate the development of unique and effective marketing programs that will be most effective for these specific segments.

Any organization, whether public or private, profit or non-profit, has to understand the make-up of its market(s) in order to provide products and services which meet clients' needs and wants. Macdonald and Dunbar (2004) found out that market segmentation enables identification of different customer segments and their preferences which give the company solution to cater for customers throughout their life cycle by adopting the product or service to the segment's needs. It gives company way to retain customers and be able to satisfy them effectively. These findings were consistent with the results of the study which established that through market segmentation EABL was able to provide higher value to customers by developing a market mix that addresses the specific needs and concerns of the selected segment. The basis that forms EABL segmentation is to gain competitive advantages in its markets. It was found that because segments differs widely in structural attractiveness and their requirements for competitive advantage, there is need therefore for EABL to determine where in an industry to compete and in which segments would focus strategies be sustainable by building barriers between segments.

Pickton and Broderick (2005) established that segmentation and targeting of customers provides marketer an opportunity to deliver a product within the target audience needs and wants. It is a necessity to establish the needs and values of the target customers within each segment, in order for companies to promote their products, brands or services appropriately. These were found to be consistent with the findings of the study which established that with targeted marketing, it was also found that it is easier to satisfy needs and wants of the customers since they are easy and almost similar per segment. Different consumers have different needs that need to be addressed. These consumers also live within various geographical locations and on the basis of this, promotions will be targeted to meet or trigger that specific need of that consumer like Guinness consumer can be best communicated to through sport activations while a Senator Keg consumer can be best communicated to through price activations.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of the study findings, conclusion and recommendations. The objective of this study was to establish the effect of marketing segmentation strategies on East African Breweries Limited competitive advantage.

5.2 Summary

The study found that the company adopts different market segmentation strategies depending on the market that is targeted but the common segmentation strategies are demographic, geographical, behavioral and psychographic. However, demographic and geographical segmentation were the popular strategies employed by the firm. Demographic segmentation strategy that is applied by the firm include using consumer demographics such as age, lifecycle stage, income and social class. In addition, the interviewees pointed Psycho-demographic segmentation strategy as being used by EABL and this attribute include the segmentation using such attributes as cultural background.

The study found out that customers prefer direct contact where they can be given advice on the specific products they want to purchase. From the findings, it was found out that customers are slowly moving with technology and therefore most of them have e-mail accounts and other social media platforms which makes it easy for the company to communicate with clients faster and efficiently. The study carried out discovered that customers value the relationship that they have with the company. This is because loyal customers formed a major part of the social groupings and whenever one is negatively affected by the firm products, the same act can influence other members of the social groups. The study found that through market segmentation, the firm has been able to come up with targeted promotional campaigns which facilitates a wider market reach and also reduces the cost of advertising. With targeted marketing, it was established that it is easier to satisfy needs and wants of the customers since they are almost similar per segment.

Through market segmentation, the company has been able to understand the various consumer behaviours when purchasing, consuming the product and disposing the products and from this, the company has been able to come up with innovative products targeting specific consumer group and with such capacity, the performance of the firm has been affected positively. Market segmentation has increased the rate and level of contact with its customers through faster identification of their needs and being able address them promptly. Therefore, firms compete for comparative advantages in resources that will yield marketplace positions of competitive advantage for some market segment and, thereby, superior financial performance.

5.3 Conclusion

From the findings of the study there is dominance of demographic and psychographic factors for segmentation but critically is also the evidence of competitive advantage of a firm influenced by extraneous variables as price, trends, and market conditions on the purchasing ability of the consumers. It is also observed that the competitive advantage of a firm is dependent upon all factors that influence buyer decision and there is need for a firm not to depend on a single market segmentation strategy but rather combine them in an appropriate mix that will lead to improved financial performance and consequently competitive advantage.

It is evident that market segmentation is a key aspect in grouping customers according to their preferences. Market segmentation enables an organization to classify its customers for better products and services as close attention is given towards each and every segment. In addition, market segmentation involves identifying the needs and wants of a particular target market then products or services are made towards that particular market segment. Therefore firms would use this segmentation to target the niche market that has been identified during segmentation. Although different firms adopt various segmentation bases when segmenting markets, the study concludes that regardless of segmentation base, it was an effective strategy as majority of the respondents were satisfied with it. The firm accrued various benefits derived from market segmentation, which included gaining a competitive edge, achievement of customer satisfaction, customer retention and increased profitability. Hence the firm used market segmentation as a marketing strategy to enhance their competitive advantage.

5.4 Recommendations for the Study

The study found that market segmentation is significant towards enhancing a firm's competitive advantage and therefore this study recommends that EABL should always segment their client base to fulfill the unique needs of the clients and this will lead to enhance their competitive advantage in the industry. The study further recommends that business units should regularly review their segmentation strategies in order to accommodate the changes in the business environment which is very dynamic in nature and highly competitive.

The study recommends that business units should come up with effective market segmentation strategies which focus on the needs and wants of the customer. Identified market segments should also have managers who are able to identify the dynamic needs of the customer in order to keep abreast with the changing needs of the customer’s preferences. This study has indicated that there is efficiency in supplying goods and services to particular sections of the market. Existing theories conform to the policy statements and general plans of market segmentation. Firms still enjoy success when they formulate appropriate policies that will guide their marketing activities.

The study also found out that understanding how the consumer thinks can help companies to position or reposition their products on the market. Psychographics also help to improve products so that they better suit the needs of the consumers and that the right price is set. Psychographics can further improve communication methods as advertising channels when there is better understanding on how the consumer feels. Therefore it is recommended that knowing more of the consumer can provide companies information that will assist to explore new distribution channels or improving existing ones.

5.5 Recommendation for Further Research

Finding and choosing the proper bases for market segmentation is an important marketing research issue. Since this study explored the extent to which market segmentation enhances competitive advantage of EABL, it is therefore recommended that;

Similar study should be done on other industries for comparison purposes and to allow for generalization of findings on the extent to which market segmentation enhances competitive advantage. Companies need to make a strategic choice and to identify what part of the market is best suitable for them and their product. Important criteria to be considered are that there are enough consumers in the segment in order for the company to be able to make profit, the consumer segments purchasing behavior is suitable and that the competition from other companies is not too great.

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APPENDICES

Appendix I: Letter of Introduction

University of Nairobi

School of Business Studies

Dear Respondent,

I am a postgraduate student in the School of Business Studies, University of Nairobi, conducting a marketing research paper on marketing segmentation strategies as a source of competitive advantage at East African Breweries Limited**.**

In order to undertake the research, you have been selected to form part of the study. This letter is therefore to request your assistance giving me information to the attached interview guide. This information will be treated with strict confidence and is purely for academic purposes. A copy of the final report will be availed to you upon request.

Your assistance and co-operation in this exercise will be highly appreciated.

Yours faithfully,

Robert Obat	Mr. V. Monayo
MBA student	**Supervisor**

Appendix II: Interview Guide

The interview guide will seek to achieve the following objective;

1. To establish the role of market segmentation strategies on East Africa Breweries Limited competitive advantage.

Section A: Demographic Data

1. What is your designation in the company?
2. For how long have you worked in the company?
3. For how long have you been holding the current position in the company?
4. What is the highest level of education you have achieved?

Section B: Market Segmentation Strategies

5. Does your company use market segmentation as a marketing strategy?
6. For how long has the company been using market segmentation strategy?
7. Which market segmentation strategy does your company use?
8. What factors influence the market segmentation strategy to adopt?
9. How has market segmentation enable the company to react to competition in the industry?
10. What factors contribute to customers' preference for the company products/services?
11. From feedback, in which way are customers satisfied with the service they receive from your industry or market segment?
12. How has market segmentation enabled the company to better communicate with and understand customers' needs and wants?

Section C: Role of Market Segmentation on Competitive Advantage

13. How has market segmentation enabled the company to customer needs, preferences and find new marketing opportunities?
14. How has market segmentation enabled the company to increase/retain its market share?
15. How has market segmentation enable the company to satisfy customers need?
16. Has the use of market segmentation enabled the company to deliver quality product and services to its customers?
17. How has the use of segmentation aided the company to identify clearer market opportunities?
18. How has the use of segmentation enabled the company to increase its revenue and profits?
19. How does the company gain competitive advantage over other beer manufacturers through use of lower prices on some of its products?