

**MARKET SEGMENTATION STRATEGIES USED BY
CHLORIDE EXIDE KENYA LIMITED AS A COMPETITIVE
ADVANTAGE TOOL**

BY:

JAMES KIMUTAI YABS

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

NOVEMBER, 2013

DECLARATION

This Research Project is my original work and it has not been presented for examination in any other university.

Signed:

Date

JAMES KIMUTAI YABS

D61/72085/2011

This Research Project has been submitted for examination with my approval as University Supervisor.

Signed:

Date:

DR. RAYMOND MUSYOKA

LECTURER

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

ACKNOWLEDGEMENT

I would like to acknowledge assistance and support of the following people without whose support and encouragement, I would not have completed this degree program. First, I would like to thank my supervisor Dr. Raymond Musyoka who gave me advice and guided me to finish this research project. Secondly I would like to thank all my lecturers in the specialization of marketing who impacted in me the knowledge of marketing field as a specialization. And lastly, I would like to thank my parents and siblings for their unwavering support in helping me complete the whole MBA studies. May god bless you all.

DEDICATION

This MBA research project is dedicated to my parents who supported me all the way through, and to my siblings for the jokes and distraction that spiced my writing style. To all of you, I dedicate this work.

ABSTRACT

Organizations are environment dependent. They receive inputs from the environment and they sell or distribute their products to the environment. Companies are created to produce either goods or services that meet the demands of consumers. Companies perform different functions in the process of producing goods or services. They include production, marketing, financial activities, and the management of human resources. Marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. Marketing function in any organization including countries and firms contribute to the development of any nation. The management of national resources can be enhanced by distribution networks and advanced marketing of goods and services. Contemporary marketing strategy development includes such concepts as segmenting, targeting, and positioning (STP of marketing). The determination of a viable target market is the first step. Positioning strategy is linked to lifestyle market segmentation. For instance, the cultural values and attitudes of consumers are changing, attributable to changes in lifestyles and purchasing behavior, expectations and product or service choices. A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. Competitive advantage is a position that a firm occupies in its competitive landscape. A competitive advantage, sustainable or not, exists when a company makes economic sense that is, their earnings exceed their costs (including cost of capital). That means that normal competitive pressures are not able to drive down the firm's earnings to the point where they cover all costs and just provide minimum sufficient additional return to keep capital invested. Most forms of competitive advantage cannot be sustained for any length of time because the promise of economic rents drives competitors to duplicate the competitive advantage held by any one firm. The energy sector in Kenya has undergone a lot of fundamental changes in the recent past aimed at revamping and strengthening it. Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs. Consumer and business marketers use many of the same variables to segment their markets. Business buyers can be segmented geographically, demographically (industry, company size), or by benefits sought, user status, usage rate, and loyalty status. The process of implementing the segmentation strategy has been and continues to be a challenge to the management of the bank. The main challenges identified in this study were inadequate staff capacity, ignoring potential audiences, resistance from the market, cannibalization, inefficient resource utilization and increased costs. Customers' needs are not static hence the management has to continually keep abreast with developments and reactions in the market in order to ensure continued success for the company. The study indicated that the implementation of segmentation strategy is long term in nature. Further as the environment responds to the implementation of strategy is necessary and thus formulation is under constant review to accommodate effects of the interaction between the organization and environment

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENT	iii
DEDICATION.....	iv
ABSTRACT.....	v
LIST OF TABLES	viii
LIST OF ACRONYMS	ix
CHAPTER ONE: INTRODUCTION.....	1
1.1Background of the Study	1
1.1.1 The Concept of Market Segmentation.....	2
1.1.2 The Concept of Competitive Advantage.....	4
1.1.3 Automotive Battery Sector and Energy Sector.....	5
1.1.4 Chloride Exide Kenya Limited	6
1.2. Research Problem.....	8
1.3. Research Objectives.....	9
1.4. Value ofthe Study.....	9
CHAPTER TWO: LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Market Segmentation	11
2.3 Criteria for Effective Market Segmentation	12
2.4 Variables for Segmenting Consumer Markets	13
2.4.1 Industrial market segmentation.....	14
2.5 Segmentation Process	15
2.6 Competitive Advantage	16
CHAPTER THREE: RESEARCH METHODOLOGY	18
3.1 Introduction	18
3.2 Research Design.....	18

3.3 Data Collection.....	18
3.4 Data Analysis.....	18
CHAPTER FOUR: DATA ANALYSIS AND RESULTS.....	19
4.1 Introduction	19
4.2 Response Rate	19
4.3 Background information.....	20
4.4 Market Segmentation Strategies.....	20
4.4 Segmentation and Competitive Advantage	22
CHAPTER FIVE: SUMMARY, DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS.....	25
5.1 Introduction	25
5.2 Summary of the Findings.....	25
5.3 Discussions	25
5.4 Conclusion	27
5.5 Limitations of the Study	27
5.6 Recommendations for Theory and Policy	27
REFERENCES	29
APPENDIX I: INTERVIEW GUIDE.....	32

LIST OF TABLES

Table 4.2.1: Response Rate from Departments Sampled	19
Table 4.4.1: Frequency of customer responses	24
Table 4.4.2: Summary of Method of communication against the company's products ...	24

LIST OF ACRONYMS

STP	:	Segmenting, Targeting and Positioning
CEKL	:	Chloride Exide Kenya Limited
ERC	:	Energy Regulatory Commission
GDC	:	Geothermal Development Company
R.E.A.	:	Rural Electrification Authority
KETRACO	:	Kenya Transmission Company
MW	:	Mega Watts
EA	:	East Africa Ltd
USA	:	United States of America

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations are environment dependent. They receive inputs from the environment and they sell or distribute their products to the environment. Companies are created to produce either goods or services that meet the demands of consumers. Companies perform different functions in the process of producing goods or services. They include production, marketing, financial activities, and the management of human resources. Marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. In a narrower business context, marketing involves building profitable, value-laden exchange relationships with customers. Hence, we define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

Marketing function in any organization including countries and firms contribute to the development of any nation. The management of national resources can be enhanced by distribution networks and advanced marketing of goods and services. Contemporary marketing strategy development includes such concepts as segmenting, targeting, and positioning (STP of marketing). The determination of a viable target market is the first step. Positioning strategy is linked to lifestyle market segmentation. For instance, the cultural values and attitudes of consumers are changing, attributable to changes in lifestyles and purchasing behavior, expectations and product or service choices (Alfansian and Sargeant, 2000).

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. Moreover, the companies themselves vary widely in their abilities to service different segments of the market. Instead, a company must identify the parts of the market that it can serve best and most profitably. It must design customer-driven marketing strategies that build right relationships with the right customers. Thus most companies have moved away from mass marketing toward target marketing: identifying market segments, selecting one or more of them and developing products and marketing programs tailored to

each. Instead of scattering their marketing efforts, firms are focusing on buyers who have greater interests in the value they create best.

1.1.1 The Concept of Market Segmentation

Market segmentation involves dividing a market into smaller segments of buyers with distinct needs, characteristics or behaviors that might require separate marketing strategies or mixes. The company identifies different ways to segment the market and develops products of the resulting market segments.

Market segmentation is part of the traditional 4Ps of product, place, price and promotion that have been used to position a firm in a strategic point in the market. Market segmentation has been written widely by different scholars (Johnson 1971; Cohen 1988; and Kimandi 2002). Smith (1956) first defined market segmentation as “viewing a heterogeneous market as a number of smaller homogenous markets in response to differing preferences, attributable to the desires of consumers for more precise satisfaction of their varying wants”. According to Smith’s original definition, the derivation of market segments should be driven by a genuine heterogeneity in consumer needs and wants. It may, however, not always be appropriate to develop a strategy of market segmentation, even where this heterogeneity in demand is found to exist. As Wedel and Kamakura (1988) note “even if a market can be partitioned into homogenous segments, market segmentation will be useful only if the effectiveness, efficiency and manageability of marketing activity are influenced substantially discerning separate homogenous groups of customers”

Perreault et al (1996) states that segmentation starts with the idea that each person is one of a kind but that it may be possible to aggregate some similar people in product market. As such, when firms try to segment their total heterogeneous markets, they have to design and develop different marketing mixes for each and every identified segment. This will obviously facilitate to customer satisfaction as well as customer retention. The Chartered Institute of Marketing (2002) argues that customers are becoming increasingly sophisticated and empowered in today’s consumer environment. Hence, they have more control than ever, in deciding how, when and where to purchase goods and services. Therefore with appropriate segmentation approach, which addresses the requirements of individual customers or a group of customers, the sophisticated demands of customers will be taken care of.

Smith (1956) first defined market segmentation as “viewing a heterogeneous market as a number of smaller homogenous markets in response to differing preferences, attributable to the desires of consumers for more precise satisfaction of their varying wants”. According to Smith’s original definition, the derivation of market segments should be driven by a genuine heterogeneity in consumer needs and wants. It may, however, not always be appropriate to develop a strategy of market segmentation, even where this heterogeneity in demand is found to exist. As Wedel and Kamakura (1988) note “even if a market can be partitioned into homogenous segments, market segmentation will be useful only if the effectiveness, efficiency and manageability of marketing activity are influenced substantially discerning separate homogenous groups of customers”

Despite the cost advantages mass marketing offers to businesses, this strategy has several drawbacks. A single product offering cannot fully satisfy the diverse needs of all consumers in a market and consumers with unsatisfied needs expose businesses to challenges by competitors who are able to identify and fulfill consumer challenges by competitors who are able to identify and fulfill consumer needs more precisely. Well defined market segmentation strategy enables better products and services for the customer and win you a reputation of being the ‘customer’s marketer. Many companies in Kenya segment their market and decide to concentrate in a niche of the market. Chloride Exide company has segmented its market so as to serve it fully.

A number of authors have proposed a number of criteria that should be met in order for market segmentation to become a viable strategy (Loudon and Della Bitta, 1984, Baker, 1988, Kotler, 1988, Hiam and Schewe 1993). The six criteria most commonly cited are: identifiability, substantiality, accessibility, stability, responsiveness and actionability. Alfansi and Sargeant (2000) argued that each potential segment should be carefully assessed against these criteria to appraise its suitability for targeting with a separate and distinctive marketing mix.

Companies segment their markets to improve competitiveness and profitability in fundamental ways by focusing product development, marketing and service resources on segments with the most potential, companies literally can multiply their marketing and service efficiency and developing products, services and marketing messages that address

those segments' specific needs. They can greatly improve their share of the most desirable business. At the same time, by focusing on the needs of the most desirable customers, companies can improve retention of those customers (Alfansi and Sargeant, 2000)

1.1.2 The Concept of Competitive Advantage

A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. Competitive advantage is a position that a firm occupies in its competitive landscape. A competitive advantage, sustainable or not, exists when a company makes economic sense that is, their earnings exceed their costs (including cost of capital). That means that normal competitive pressures are not able to drive down the firm's earnings to the point where they cover all costs and just provide minimum sufficient additional return to keep capital invested. Most forms of competitive advantage cannot be sustained for any length of time because the promise of economic rents drives competitors to duplicate the competitive advantage held by any one firm (Porter, 1980).

According to Reed and Defillippi (1990), the fundamental concepts of competitive advantage can be traced back to Chamberlain (1939). The next major development came when Hofer and Schendel (1978), described competitive advantage as 'the unique position an organization develops vis-à-vis its competitors through its pattern of resources deployments'. Day (1984) and Porter (1985) provided the next generation of conceptualization. They saw competitive advantage as the objective of strategy, the dependent variable. The rationale behind this is that superior performance is correlated with competitive advantage and achieving competitive advantage will always result in higher performance.

The actual term competitive advantage featured prominently when Porter (1985) discussed the basic types of competitive strategies that firms can possess such as low cost strategy, differentiation and focus. According to Porter (1998), the goals of competitive strategy are focused toward gaining a sustainable competitive advantage, cultivating a clientele of loyal customers, and outperforming their rivals ethically and honorably. Competitive advantage is about how a firm can gain sustainable cost advantage, differentiate it from competitors, and choose a segment so that competitive advantage grows out of a focus strategy. He advised that competitive advantage grows fundamentally out of the value a firm is able to create for

its buyers; it may take the form of prices lower than competitors for equivalent benefits or provision of unique benefits that more than offset a premium price.

1.1.3 Automotive Battery Sector and Energy Sector

The energy sector in Kenya has undergone a lot of fundamental changes in the recent past aimed at revamping and strengthening it. These changes started in 1997 when KENGEN was established as a separate entity responsible for generation of electricity and which is then sold to Kenya power and Lighting Company which was left with the mandate of transmitting and distributing power to end users.

One of the laws that is of permanent importance is the Sessional Paper No. 4 of 2004 (ERC Website) on Energy which laid down policy framework upon which quality cost effective affordable adequate and sustainable energy services are to be availed over the period 2004 – 2023. This has led to the formation of a number of other institutions with specific focused mandates; An independent Energy Regulator – (E.R.C.) was established to regulate the sector, Geothermal Development Company (G.D.C.), was formed to explore the geothermal potential which was estimated to be in excess of 7,000 Megawatts. Rural Electrification Authority (R.E.A.) was created and given the mandate of extending electricity access to rural areas, Transmission Company (KETRACTO) is charged with responsibility of constructing new transmission lines of high tension cables ranging from 132 KV and above, through further unbundling of KPLC: These transmission networks will in future be used by any electricity producer at a willing charge.

The Energy Act Sessional Paper No. 12 of 2006 is of great importance as it refined the energy sector by giving guidelines for the preparation of policies for players in the energy making industry. The Energy Act was reviewed in 2012 through legal notice to include Solar Photovoltaic Systems Regulations, 2012 which gives guidelines to investors and the requirements should one want to become a manufacturer of Solar Photovoltaic systems in Kenya (The Energy Act, 2006).

The energy sector in Kenya is largely dominated by petroleum and electricity, with wood fuel providing the basic energy needs of the rural communities, urban poor, and the informal sector. An analysis of the national energy shows heavy dependency on wood fuel and other

biomass that account for 68% of the total energy consumption (petroleum 22%, electricity 9%, others account for 1%). Electricity access in Kenya is low despite the government's ambitious target to increase electricity connectivity from the current 15% to at least 65% by the year 2022. (Energy Regulatory Commission website).

Kenya's current effective installed (grid connected) electricity capacity is 1,429 MW. Electricity supply is predominantly sourced from hydro and fossil fuel (thermal) sources. This generation energy mix comprises 52.1% from hydro, 32.5% from fossil fuels, 13.2% from geothermal, 1.8% from bagasse cogeneration and 0.4% from wind, respectively. Current electricity demand is 1,191 MW and is projected to grow to about 2,500MW by 2015 and 15,000 MW by 2030. To meet this demand, Kenya's installed capacity should increase gradually to 19,200 MW by 2030.

1.1.4 Chloride Exide Kenya Limited

Chloride Exide Limited was first established in Kenya in 1963 as part of Chloride Group PLC in UK to retail and distribute Chloride Exide batteries. It has grown with time from a single Nairobi based operation to the largest Battery, Solar systems & backups systems operation in East Africa with three other fully fledged sister companies in Tanzania, Uganda and Rwanda. Chloride Exide is the sole distributor of Chloride Exide brand batteries which are manufactured locally by Associated Battery Manufacturer EA ltd. Its batteries are manufactured under an ISO 9001 certified production plant, backed by a service network running throughout the country, with 13 branches in Kenya, 3 in Tanzania, 1 in Uganda and 1 in Rwanda. Chloride Exide has over 20 years' experience in large solar installations & Power backups. One of the biggest solar backups has been in Serena where they installed backups in all their Hotels including their establishments in Tanzania. It also has installed backups in Airtel, UUNET, Kenya Data Networks, Safaricom and more recently in Kenya Revenue Authority. Each branch is fully equipped with spares and trained technicians who can install backups. This allows Chloride Exide to install their products upcountry without relying on outsourcing to ensure quality service. It also have over 500 dealers countrywide who deal in Chloride Exide's products with its local support.

Since its establishment, Chloride Exide Kenya Limited has grown from a single Nairobi based operation to the largest battery and renewable energy distributor in East Africa. Of

particular pride is the company's countrywide network of 10 branches and a registered company in Dar-es-salaam, Tanzania, including a branch in Arusha. Because of the company's strength and visibility in East Africa, opportunities in the East African region have enabled Chloride Exide Kenya Limited to enjoy huge presence and representation in sub-Saharan Africa.

Chloride Exide's products range from lead-acid automotive batteries (including maintenance free), deep cycle batteries, solar panels, solar water heating and related accessories, inverter power back-up systems, motive power batteries and standby batteries. Their batteries are manufactured to the highest standards by our factory – Associated Battery Manufacturers (E.A.) Limited, which is ISO certified (ISO 9001). In addition, it has been appointed as the service center for Trace Inverters (USA).

Chloride Exide being a leader in renewable energy systems seeks to maximize use of renewable energy in Sub-Saharan Region. When investing in a solar system, you want the best in quality, performance, durability and support. The Company has many world leading brands placing their confidence and product in its regional network thereby assuring their customers of the best. Be it for basic home lighting or back up power supply, large scale project work or funded programs, water pumping, telecommunication and more, Chloride Exide maintains a full range and stock of quality panels, and balance of systems, supported by a knowledgeable sales team and highly qualified technicians to meet any consultation and installation requirements. The company's vision is, "Energy Solutions - For all", and its mission statement is "To provide quality batteries, solar panels and related energy solutions while consistently exceeding customer expectations and ensuring continued market expansion", These two statements are behind the driving force behind our entire operation, Chloride Exide looks forward to the challenges of meeting the ever changing consumer demands now and in the coming years.

Chloride Exide Kenya Limited and Equity Bank Limited entered into an agreement earlier this year in which the Bank aims to provide credit facilities to Kenyans for all products sold by Chloride Exide. These include solar and power backup systems and batteries. The credit scheme is targeting property developers and home owners in line with the new Energy (Solar

Water Heating) Regulations, 2012, which requires new buildings to be equipped with solar panels for water heating from 2013. In addition, the new regulations also requires owners of premises with hot water capacities exceeding 100 litres per day have up to five years to comply with the new rules. Frequent electricity interruptions have resulted in the need for reliable power backups

1.2. Research Problem

Marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. In a narrower business context, marketing involves building profitable, value-laden exchange relationships with customers. Hence, we define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

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. Moreover, the companies themselves vary widely in their abilities to service different segments of the market. Instead, a company must identify the parts of the market that it can serve best and most profitably. It must design customer-driven marketing strategies that build right relationships with the right customers.

Market segmentation has been explored widely by different scholars (Johnson 1971; Cohen 1988; and Kimandi 2002). Smith (1956, p. 5). Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs. Consumer and business marketers use many of the same variables to segment their markets. Business buyers can be segmented geographically, demographically (industry, company size), or by benefits sought, user status, usage rate, and loyalty status. Yet, business marketers also use some additional variables, such as customer operating characteristics, purchasing approaches, situational factors, and personal characteristics.(Kotler, 2011).

For the business to survive in the market aim at holding larger market segmentation to arrive at clusters of like-minded companies so as to allow its marketing/sales programme to focus on the subset of prospects that are most likely to purchase their offering. To win this competitive advantage, firms have adopted various segmentation means namely psychological segmentation, geo-demographic segmentation, observable general bases and non-observable segmentation (Vincent, 2006)

Many studies have been done on market segmentation Wamalwa, (2008), Kiama (2009), Mulwa (2009) and Nzyoka, (1993). Mulwa's (2009) study showed that commercial banks segment their markets into retail, corporate and business related services but do not relate how much it has helped the respective banks gain competitive advantage over their competitors. Wamalwa (2008) studying commercial banks found that they segment their markets into economic status of their clients. Kiama (2009) found that regulated MFI's segment their markets into consumer needs of the clients. However none has focused on how market segmentation in the energy solutions sector for example Chloride Exide has been done. This study will try to answer the following research question. How has Chloride Exide Kenya limited used Market segmentation strategy as a competitive advantage tool?

1.3. Research Objectives

The objective of this study was to determine segmentation strategies that have been used by Chloride Exide Kenya Ltd. as a competitive tool.

1.4. Value of the Study

This study will be of great value to many organizations that have invested in the energy sector. It will also be of great value or benefit to theorists and managers practicing in the energy and manufacturing sectors of the economy.

This study will contribute immensely to the development of theory and to the accumulated knowledge in institutions of learning, universities, and research institutions. In theory, this study will contribute to the body of knowledge in universities and research institutions. Researchers interested in the problem under this study may also benefit as the research laid a platform on which further research on the topic can be undertaken. This study would also benefit academicians.

The study will also be of benefit to other decision makers in similar organizations. The knowledge gained here will equip managers with better insights into marketing strategies that battery manufacturers use in meeting customer energy needs. This would help them also develop more precise targeted marketing strategies for each segment in order to attract larger number customers and to the needs of both current and potential customers.

This study will also be of great benefit to the management at Chloride Exide in understanding the factors that influence market segmentation, especially in energy sector. It will assist them in identifying opportunities existing in this sector of industry. The knowledge gained here will help them seize existing opportunities that in turn will help them diversify their risks and improve the profitability of their operations.

Finally, it will be of great benefit to the policy makers in governments both in central or national governments and in the local or county governments. It will be used as a basis for understanding industrial set ups and market segmentation for various products. The research will also be beneficial to policy makers in the government who will be able to learn about the challenges of the various sectors in the energy and address the key issues that hinder private power providers from venturing and investing in the various industries for example solar power generation and wind power generation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter looks at the theoretical and empirical literature relating to Market segmentation and Competitive Advantage that has been documented by various researchers, scholars, analysts and authors. The chapter begins by introducing the concept of market segmentation and the concept of competitive advantage and explores how a firm is able to use them.

2.2 Market Segmentation

Market segmentation refer to dividing the market into distinct groups of buyers aims to divide markets comprised of individuals into groups whose characteristics are relatively homogeneous within each set or segment and heterogeneous between segments, based on an identified set of variables. (Kara and Kaynack, 1997) marketing academics and practitioners have adopted the concept of market segmentation enthusiastically. The benefits have been seen to include an ability to gain a fuller understanding of a particular market, improved techniques to predict consumer behavior, and an improved ability to identify and exploit new market opportunities for commercial benefit (Heok, Gendall and Esslemoont, 1996). A capacity to divide markets into distinct groups of buyers, or prospective buyers, who respond differently to changes in marketing mix variables is likely to prove particularly beneficial to those attempting to influence consumer demand for a particular product or service.

As outlined by Kotler, et al (2001), segmentation effectiveness depends on arriving at segments which are measurable, accessible, substantial, actionable and differentiable. They say that the division of the market refers to measurable segment as one where the size of the segment and the related purchasing power can be quantified. For a segment to be accessible, it must be able to be reached and served effectively by the marketing entity.

Further, the segment must be substantial in that it is large and profitable enough to warrant the marketing entity to design marketing mix strategies that are differentiated from strategies that target other segments. The segment must also be actionable in that the marketing entity can design effective marketing strategies to attract and serve the segment and for the segments to be differentiable, they must respond differently to different marketing stimulus.

2.3 Criteria for Effective Market Segmentation

A market segment can exist as effective or ineffective. Several authors (Morden, 1993; Walker et al, 1996; Bearden et al, 2001; Kotler et al, 2001) suggest that validity and viability of a market segment depends on size, or sustainability, measurability, accessibility, unique in response, stability and actionability. The Chartered Institute of Marketing (1999) argues that one of the problems of market segmentation is determining to what extent definable market segments are worth pursuing especially when considering developing an individual promotional campaign.

Therefore, the following factors should be taken into account when evaluating the effectiveness of a market segment: First, Size – One of the first questions to be asked concerns whether the market is of sufficient size to justify attention or not. Secondly, Measurability – For effectiveness of a market segment, it is necessary to establish whether there are discrete groups of people with relatively homogenous buying habits. Thirdly, Accessibility – A good market segment is one that is highly accessible in terms of infrastructure (i.e. good transport and communication network). It is also important to note that a fairly scattered market segment in terms of geographic penetration would lead to wasted promotional expenditure if it appealed to only 10% of the market.

The fourth criteria is unique in response, where the market segment identified must exhibit similar behavioral characteristics in as much as the individuals making up the segment would all respond in a similar way to a targeted marketing strategy. For instance, if the price of the product is reduced, all the target market would increase their product purchase rate or usage rate. Fifth, Stability – For any firm to divert resources to a particular market segment, it must reassure itself that the segment would remain fairly stable over a long-time period to warrant specific marketing attention. Sixth, Accountability – This is the degree to which marketing programmes can be formulated for attracting and servicing segments. For instance, a marketing programme to expand the volume of sales for existing Rolls Royce models by attracting people on only average income is obviously not actionable because it is a very expensive car. Therefore, if Rolls Royce chose to expand its targets, the best strategy would be to develop new products that are moderately not expensive for the average income earners market segment.

Palowoda (1993) argues that market segmentation follows the rationale of concentrating resources on the best prospects. Further to the above, he stresses that it is where one adopts a “rifle” strategy at a given target segment as opposed to the general market at large which would constitute a “short gun” approach. This implies that where a firm focuses attention on few selected market segments and develop appropriate marketing programmes for them, it would attain maximum return on investment.

Several authors (Leader et al, 1989; Kibera et al, 1998; Kotler, 2003) acknowledge that market segmentation reveals the segments’ opportunities facing the firm. Walker et al, (1996) argues that due to the unique characteristics of services like; intangibility, perishability, heterogeneity, inseparability, consumer participation in their delivery and simultaneous nature of their production and consumption; they are – when compared to goods, more difficult to understand and compare with competing services in the industry. This is so because they call for a clear understanding of emotional attributes of the service consumer.

Perreault et al, (1996) asserts that managers sometimes face ethical decisions when selecting segmenting dimensions. For example, nutritionists criticize firms that market soft drinks, candy and snack foods to children. Also some hospitals only want to serve patients who have health insurance and others discourage parents from bringing sick children to the emergency room in the middle of the night. Bearden et al, (2001) agrees with British Independent Television commission that advertisements targeting children must not take advantage of their natural credulity, harm them and force them to pester their parents. Therefore, for appropriate segmentation, firms must understand ethical issues that surround each and every market segment. This will make them be ethical when making segmentation decisions.

2.4 Variables for Segmenting Consumer Markets

Business to Consumer (B2C) markets can be segmented using various variables. Several authors (Palmer, 2001; Leader et al, 1989) have identified four traditional variables for segmenting a heterogeneous consumer market as explained below. First, Geographic segmentation – where a total market is divided into different geographical units such as nations, regions, states, cities, provinces, districts, neighborhoods and so on. As such, due to varying consumer’s tastes and preferences, many firms today are localizing their products, services, advertising, promotion and sales efforts so as to fit the needs of individual regions

cities and even neighbourhoods. Secondly, Demographic Segmentation – which involves dividing a total heterogeneous market for a firm on the basis of variables such as: age, sex, family life cycle, income levels, education, occupation, religion, race, ethnic group and nationality.

2.4.1 Industrial market segmentation

Kibera et al, (1998), states that the level of education in Kenya, and other African countries continues to rise and this has implications for marketers. With many young people finishing high school, marketers must prepare, not only for more sophisticated, discerning consumers but for consumers who have different needs and wants. Better-educated consumers generally demand a higher quality in both goods and services. Product markets segmented by education include; radio and T.V. programmes, books magazines, art and theatre among others. This above scenario implies that as more people become educated in Kenya, the more the media firms have to redesign their segmentation strategies to address these challenges.

Thirdly, Psychographic segmentation—where buyers are divided into different groups on the basis of their life style, personality and social characteristics. According to the Chartered Institute of Marketing (1999), lifestyle segmentation groups people on how they spend their time and money. Leader et al, (1989) argues that psychographic segmentation arose as a result of discovering that buyers’ needs may often be differentiated along lifestyle or personality lines. For instance, Ford Owners were a time described as independent, impulsive, masculine and lent to change and self-confident, while Chevrolet Owners were described as conservative, thrifting, prestige, conscious, less masculine and seeking to avoid extremes. Fourthly, Behavioral Segmentation – which also referred to as product-related segmentation. This is where a firm divides buyers into groups based on their knowledge, attitudes, uses or response to a product or service. Segments can be derived on the basis of benefits sought, user status, and usage rate and loyalty status.

Segmentation is a powerful form of marketing that groups buyers according to the different benefits that they seek from the product or service. One of the best examples of benefit segmentation was conducted in the toothpaste market and the research revealed four benefits namely: economic, medicinal, cosmetic and taste (Kotler, 2001). Behavioral segmentation entails the following variables. First, user status – where markets are segmented into groups

of non-users, ex – users, potential users, first time users and regular users of a product or service. One study conducted in the U.S.A. found out that blood donors are low in self-esteem, low-risk takers, and more highly concerned about their health, while non-donors tend to be opposite on all three dimensions. Second, Usage rate – where markets can be segmented into light, medium and heavy users of products. Third, Loyalty status – where buyers are divided into groups according to their degree of loyalty to a good or a service. Note that consumer loyalty is likely to change with time. Hence it is recommended that companies should frequently analyze the degree of loyalty of their customers so as to gauge their changing patterns of loyalty and be able to redesign their segmentation strategy. Palmer (2001) suggests that if segmentation methods used by service organizations are examined more closely, it becomes apparent that demographic variables tend to be the most widely used segmentation bases.

2.5 Segmentation Process

According to Kotler, (2001), there is a three step procedure for identifying market segments, namely: survey, analysis and profiling. Malcolm Mc. Donald, (2001) on the other hand also contends the same number of stages for identifying market segments. At the survey stage, the researcher conducts exploratory interviews on focus groups to gain insight into consumer motivations, attitudes and behavior. The researcher then collects data on different product attributes and how they are rated by consumers in terms of their importance and delivery of value. According to Malcolm Mc. Donald, this stage entails addressing the questions” who buys and what is bought. The second step is analysis stage, which involves analyzing the data collected in the first stage, so as to identify different segments with isolated consumer behavior. Mc. Donald argues that this stage entails answering the questions: who buys what and why customers buy products and services.

The last stage in segmentation process is profiling stage – which involves describing the segments in terms of distinguishing attitudes behavior, demographic variables, and psychographic factors and so on. Each segment profiled is given a specific name based on its dominant feature. For instance, Muslim market segment, Teenager Market segment and so on.

Market segmentation planning process can be divided into five stages. The first stage involves the identification of dimensions that a company might use for segmenting its markets based on its product or service portfolio. The second stage is the development of market segment profiles determining the differences in needs. Thirdly, is where the organization needs to forecast the application of forecasting procedures in order to calculate the company's market share and compare costs and benefits of each segment. The last stage includes the assessment of delivered benefits from each segment in relation to corporate goals which will provide the rationale and justification for further development of each market segment or evaluating the potential and likely success of the segments (Baker, 1997; Bearden, 2001; Pernealt, 1996). But since customers' tastes and preferences are ever-changing, it is paramount that firms have to keep on monitoring the behavioral trends of the segments through research.

2.6 Competitive Advantage

For the business to survive in the market aim at holding larger market segmentation to arrive at clusters of like-minded companies so as to allow its marketing or sales programmes to focus on the subset of prospects that are "most likely" to purchase their offering, (Baker, 1988). There is a very strong pressure to use segmentation in business to business markets to win a competitive advantage as there is often little to differentiate one product from another of different organizations. Segmentation therefore links strongly with strategy to achieve a sustainable differentiated position (Faulkner and Bowman, 1995).

The benefits of market segmentation are not hard to grab. After all, the top 20% of customers in a business may generate as much as 80% of the company's profit, half of which is then lost serving the bottom 30% of unprofitable customers, (Harrison, 1994). Segmentation, targeting and positioning are marketing tools used by a company to gain competitive advantage in the market. Combining multiple strategies is successful in only one case. Combining a market segmentation strategy with a product differentiation strategy is an effective way of matching your firm's product strategy (supply side) to the characteristics of your target market segments (demand side). But combination like cost leadership with product differentiation are hard (but not impossible) to implement due to the potential for

conflict between cost minimization and the additional cost of value – added differentiation (Kiama, 2009).

Since that time, some commentators have made a distinction between cost leadership, that is, low cost strategies and best cost strategies. They claim that a low cost strategy is rarely able to provide a sustainable competitive advantage (Harrison, 1994). In most cases, firms end up in price wars. Instead, they claim a best cost strategy is preferred. This involves providing the best value for a relatively low price (Faulkner and Bowman, 1995). Market segmentation is the science of dividing an overall market into key customer subsets or segments whose members share similar characteristics and needs. Because it involves significant market research, market segmentation can be costly. But it is particularly important for small businesses which often lack the resources to target large aggregate markets or to maintain a wide range of differentiated products for varied markets (Baker (1988). Market segmentation allows a small business to develop a product and a marketing mix that fit a relatively homogeneous part of the total market (Faulkner and Bowman 1995). By focusing its resources on a specific customer base in this way, a small business may be able to carve out a niche that it can serve well that its larger competitors.

In general, customers are willing to pay a premium for a product that meets their needs more specifically than does a competing product (Speed and Smith, 1992). 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. But the potential gains offered by market segmentation must be measured against cost, which in addition to the market research required to segment a market may include increased production and marketing expenses (Dickson and Ginter, 1987).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research design, data collection, instrument for collecting data, and data analysis.

3.2 Research Design

This study used a case study since the main purpose of the study was to describe the market segmentation strategies for competitive advantage in energy generation industry. This study method gave an in-depth information on market segmentation strategies for competitive advantage.

In this study, the researcher narrowed down to market segmentation strategies adopted by Chloride Exide Kenya Limited. This research was therefore free from any material bias and enabled the research to study intensively a particular unit.

3.3 Data Collection

The data collected was in qualitative nature. The type of data that was collected was primary data. The instrument used in collecting primary data was an interview guide. The interview guide contained questions that were directed at the respondents who were the heads of different product sections at Chloride Exide Kenya Limited. The researcher booked appointment with the Marketing Manager, Customer Service Manager, Technical Manager and Procurement manager and interviewed them.

3.4 Data Analysis

The data collected from the respondents was qualitative in nature and therefore content analysis was used. Qualitative data analysis makes general statements on how categories or themes of data are related. Qualitative data analysis was preferred in this study because it enabled the researcher to describe, interpret and at the same time criticize the subject matter of the research since it was difficult to do so numerically. It was preferable to use content analysis because it enabled the researcher to sift through large volumes of data with relative ease in a systematic function.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.1 Introduction

This chapter presents the analysis and interpretations of data from the field. It presents analysis and findings of the study as set out in the research methodology on market segmentation strategies for competitive advantage in Chloride Exide Kenya Limited. The data was gathered exclusively from an interview guide as the research instrument. The interview guide was designed in line with the objectives of the study. To enhance data quality of data obtained, unstructured questions were used whereby respondents indicated their views and opinions on market segmentation strategies for competitive advantage in CEKL.

4.2 Response Rate

Table 4.2.1: Response Rate from Departments Sampled

DEPARTMENTS SAMPLED	RESPONDENTS TARGETED	INTERVIEWED
Customer Care	3	3
Marketing	3	2
Technical Department	3	2
Procurement Department	1	1
Total	10	8
Percentage	100%	80%

The researcher targeted 5 interviewees; however 4 out of 5 respondents targeted completed the interview guide making a response rate of 80%. These were the Marketing Managers, Technical Manager, the Customer Care Manager and the General Manager. This commendable response rate was made a reality after the researcher made personal calls and visits to request the respondent to fill in the interview guide as well as insisting the importance of participating in the study.

4.3 Background information

This section sought information on respondents' level of education, designation at the company and the duration they have worked at Chloride Exide Kenya Limited. On the level of Education attained, Marketing managers, Technical manager and Customer Care Managers had attained Master's Degree followed by Bachelor Holders degree. Further, it was further established that while the marketing managers had worked in the organization for more than 6 years. This depicts that the respondents understood the subject matter of the research; market segmentation and were well versed with the goings-on in the industry given their level of education and experience at the company. Thus, the responses were well informed and reliable for the study.

4.4 Market Segmentation Strategies

This section discusses various considerations made by CEKL in its market segmentation strategies. The respondents were asked to describe the market segmentation at CEKL. They indicated that the market segmentation strategies at the company were branch network coverage, an unmatched service provision by experienced staff. They elaborated that by branch network coverage, the company's segmentation focus is on the customer satisfaction that leads to more repeat purchases. For example, the customers who purchase solar water heaters get professional service where the survey and installations are done by highly skilled staff who are on standby at all branches of Chloride Exide. In addition, customers are shown through presentations the benefits and how to maintain the products they have purchased. According to the respondents, these orientations have helped the company meet varied customer needs.

The respondents were asked to indicate whether CEKL classifies its customers according to their different needs and benefits they seek from the purchase. Their responses were affirmative. They indicated that the company offers a variety of products and services that might not be required by all customers thus they identify each market's needs; groups/segments these needs into the 'market' and position their products and services towards satisfying such needs. For example, automotive battery customers were discovered to prefer a male technician's opinion than a female's opinion about a product.

The respondents were asked to indicate whether the customers' preference of the Company was due to products/services it offers. The responses indicated that the company has customized products and services that suit their customer needs e.g. power back up for their essential departments or the battery clinics at bus service stations and matatu termini that advice on the best automotive battery to be purchased by their customers. These form the basis for customers' preference of the company. The respondents further indicated that the company had cut out itself as the company's long lasting battery seller or producer.

The respondents further indicated that the customers' preference of the company comes owing to the branch network and standby qualified technicians. The wide coverage in different parts of the country gives the company a competitive edge with widespread branch network in the country having over 13 branches. This enables company to cater to all customers whether rural, urban or suburban customers. Therefore the company has market segments in strategic areas.

The respondents were asked to indicate whether the company will try to absorb more customers in the areas where there is low electricity coverage. The respondents were affirmative. They indicated that the company offers affordable products that meet their customer's needs and even provides technicians who carry out the survey and installation of the solar equipment making delivery and installation affordable to the customers.

The respondents were asked to indicate whether variables such as gender, position in the family, level of education, benefits, user status, user rates, and country region formed the basis for market segmentation at the company. The respondents indicated that gender, family lifecycle, level of education and income level do not form the basis for market segmentation. However, the customers were classified according to their behavior classification like user rates, user status and benefits. However, the company considers the economic sector of customers, needs of the customer and their satisfaction.

The respondents were asked to indicate whether culture of the community influences the market segmentation of the company. Findings indicated that while position in the family and income level do not form the basis of segmentation, gender played a key role in the form of basis of market segmentation. For example, most customers tended to prefer advice from

male perspective or attendant than a woman's perspective. This is due to the fact that most male attendants are the engineers who do the installation, test and analysis of the products and give the customer advice on whether the battery is good or bad.

The respondents were asked to indicate whether the location of the company's branches favored increase of the customers. The findings indicate that location of the branches favored the company as they are distributed in all areas in urban and rural areas with high business value/potential. Thus the company is able to provide both quality products and services for all its customers whether they are urban or rural customers.

The respondents were asked to indicate whether personality, personal values and psychographic/lifestyle determine market segmentation of the battery industry. The response was that customers were segmented according to personality. The customers with an outgoing personality were more willing to try some of the company's new products that included solar power back-up systems and solar water heating systems, whereas, customers who were compulsive tended to be very skeptical on trying the new products until it has been tested by people they trust. This also showed that the more the educated the customer, the higher the probability the customer will purchase a higher quality product without considering the price.

The respondents were asked to indicate whether the company could distinguish the different groups that make up a market in order to develop corresponding product and marketing mixes for each target market. They indicated that the company had adopted strategies that cater for all customers regardless of their location in the country. Most of the respondents further argued market segmentation, market targeting and product / service positioning were adhered to in favour of marketing.

4.4 Segmentation and Competitive Advantage

The respondents were asked to indicate whether gender, marital status and educational background influence market segmentation. The respondents replied that while gender and income level did not influence segmentation, findings show that educational background tends to influence the choice of the products. For example, customers who have a higher educational background tend to prefer products that are of a higher quality but functions for

the same purpose as a cheap and affordable product from other competitors like VoltMaster batteries. It was also observed that clients of female gender preferred a male perspective of the product and therefore were likely to be patient and get more advice about the product they were purchasing from male battery attendants.

The respondents were asked to indicate whether the company gains competitive advantage over other battery manufacturers through use of lower prices, provision of greater benefits and services that justifies higher prices. It was established that lower prices offered by the company attracted clients due to the high reliability and quality products at low prices. Moreover, provision of additional benefits such as one year warranties and bigger discounts to loyal customers attract more clients. This according to the respondents has helped give the company a competitive advantage.

The respondents were asked to indicate whether the company used quantitative analysis for each segment to measure the company's market potential. The study found out that the company uses quantitative techniques to analyze each market segment. This is done through credit rating in the classification of dealers according to credit size. The respondents further indicated that qualitative analysis is also used as the best alternative for measuring market potential.

The respondents were asked to indicate whether acquisition of market segments is important in accessibility to service, responsiveness to customer demands and stability of the company. The findings indicated that different products were suitable for different segments for instance; customers who purchase batteries prefer to be told about the benefits of using one higher quality battery instead of the cheap and functioning one.

Table 4.4.1: Frequency of customer responses

FORMS OF COMMUNICATION	FREQUENCY	PERCENTAGE
TELEVISION	5	0.99%
DIRECT CUSTOMER	39	7.72%
EMAIL	98	19.41%
EXIBITIONS/SPONSERED EVENTS.	62	12.28%
EXISTING CUSTOMERS	100	19.80%
NEWSPAPERS	2	0.40%
REFERRALS	101	20.00%
TELEPHONE	41	8.12%
WALK IN CUSTOMER	51	10.10%
WEBSITE	6	1.19%
Total	505	100%

The respondents were asked to indicate whether there is a direct relationship between the products classification and the market segmentation. It was established from the respondents that there exists a relationship that customer's preferences influenced market segmentation; time conscious customers prefer presentations on how the products work. From figure 1 below, the presentation is the most effective way that has seen the company make more sales in Solar Water heating systems than the battery

Table 4.4.2: Summary of Method of communication against the company's products

PRODUCTS	TELEVISION	EMAIL	HAND DELIVERY	PRESENTATION	TELEPHONE
WIND	10%	2%	27%	0%	7%
BACK - UP/INVERTER	30%	31%	29%	31%	36%
BATTERIES	7%	11%	7%	4%	14%
FRIDGE /FREEZER	0%	4%	0%	1%	0%
HYBRID	4%	3%	0%	1%	15%
OTHERS	3%	4%	5%	1%	7%
PV SYSTEMS	20%	25%	15%	21%	7%
SWH	26%	20%	17%	41%	14%
Grand Total	100%	100%	100%	100%	100%

CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the data findings on the analysis of factors affecting established market segmentation strategies used by CEKL to enhance its competitive advantage, the conclusions and recommendation are drawn there to. The chapter is structured into summary of findings, conclusions, recommendations and areas for further research.

5.2 Summary of the Findings

The study found out that customers prefer direct contact where they can be given advice on the specific products they want to purchase. Also it was discovered that customers are slowly moving with technology and therefore most of them have e-mail accounts which makes it easy for the company to communicate with clients faster and efficiently.

It was also discovered that educational level of the clients determined the quality of the product. Customers with a higher level of education were discovered to select products that are of high quality and therefore end up selecting products that they would use efficiently and effectively.

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 referrals that led to increase in customers. The quality of the products made it easy for the company to position itself in the energy sector due to its popularity of producing high quality automotive batteries in Kenya. The vast number of the company's branch network was also seen to have contributed to the company's ability to segment the market and make products that suited that particular area.

5.2 Discussions

Market segmentation was found to influence the demand for products and services: in that different market segments had tailor-made products and services. The company's segmentation strategy considered the customer's needs, the purpose for their use for example

power back-up systems ranging from the powering of lights to powering the computers and other electrical appliances. The findings indicate that the company offers a variety of products and services that might not be required by all customers thus they identify each markets' needs; groups/segment these needs into a 'market' and position their products and services.

The company's segmentation is also helped by its wide branch network which covers a wide part of the country. The company covers corporate clients, hotels and hospitals by providing power backup systems for uninterruptible operations of their operations. It uses cluster system to analyze their customer base, target direct-mail campaigns and select branch locations through which it positions its product to the targeted segments.

The study established that market segmentation leads to provision of lower prices, greater benefits and services that justifies the higher price. Lower prices offered by the company attract more clients thereby increasing clientele base. Provision of additional benefits such as longer warranty periods and presentations on how their products are supposed to work, targeting high income earners has helped give the company a competitive advantage. The study also established that market segmentation ensured customer retention as varied customer needs are catered for.

The process of implementing the segmentation strategy has been and continues to be a challenge to the management of the company. The main challenges identified in this study were inadequate staff capacity, ignoring potential audiences, resistance from the market, cannibalization, inefficient resource utilization and increased costs. Customers' needs are not static hence the management has to continually keep abreast with developments and reactions in the market in order to ensure continued success for the company.

The study indicated that the implementation of segmentation strategy is long term in nature. Further as the environment responds to the implementation of strategy is necessary and thus formulation is under constant review to accommodate effects of the interaction between the organization and environment

5.3 Conclusion

From the study, 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. 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. Firms that have invested in energy products, segment the market according to their products and service. Consumers of particular products will be targeted as Chloride Exide has done. This study showed that there is future for companies that have used segmentation to enable them focus on the segmented market.

5.5 Limitations of the Study

The heavy regulation of this sector by the government is a major hindrance to private sector investors as it has made big consumers of energy for example InterContinental Hotel to be dependent on grid electricity and not consider other energy solution options like renewable energy. This study focused on the energy sector and limited its study on energy provision. It also limited itself to studying Chloride Exide Kenya Limited. It also limited itself to market segmentation as applied by Chloride Exide Kenya Limited. There were some sections of the study which would not be completed due to limited time.

5.6 Recommendations for Theory and Policy

This study has indicated that there is still room for further studies in market segmentation. Much has been written in theory about market segmentation and market segmentation theories. These theories have not been tested empirically in different sectors of industries. This study focused on market segmentation in energy sector.

The study recommended that corporations 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. Markets still enjoy success when they formulate appropriate policies that will guide their marketing activities.

The energy sector in this study has indicated that it needs a new approach in the theory to explain the current phenomena and what happens in practice in the energy sector. The study of Chloride Exide has indicated that there are new fields and areas that need theoretical attention.

The energy sector needs to be deregulated to encourage private investors and entrepreneurs to enter the market and provide lifetime value to customers in the segment while keeping the costs low of serving the various segments be they residential, commercial or industrial. It will enable more classification of customers for example in the small commercial business segment, restaurants and shop owners have different demands of electricity unlike energy aware industrial firms which have energy and facility managers

REFERENCES

- Ansot, H. Macdonnell, E. (1987) *Implementing Strategic Management*, Prentice Hall, Cambridge, United Kingdom
- Baker, M.J. (1997) *Marketing*, 3rd Edition, Butter worth Heinemann, Oxford, pp 303 – 329
- Bearden, W.O., Ingram, T.N., Lafarge, R.W. (2000), *Marketing – Principles and Perspective*, 3rd Edition, McGraw – Hill, New York, U.S.A. pp 148 – 172
- Berkowitz, E.N., Hartley, S.W., Rudelius, W (1992), *Marketing, 3rd Edition*, Irwin U.S.A. pp 195 – 221,
- Blumler, J.G. (1979), Broadcasting Finance and Programme Quality; *An International Review, European Journal of Communication*, pp 349 – 364
- Chepkwony, S (1992), Segmentation of Television Audience using Demographic Data – A case study, *Unpublished MBA Research Project, University of Nairobi*
- Churchill, G.A. Peter, P.J. (1995), *Marketing – Creating Value for Customers*, Irwin, Western Press, Illinois, USA.
- Cohen, W.A. (1988), *The Practise of Marketing Management – Analysis, Planning and Implementation*, Macmillan Publishing Co. New York, U.S.A.
- Copper, D.R. and Emory W. (1994), *Business Research methods, Fifield Paul, 2nd Edition*, Macmillan Publishing Co. New York U.S.A.
- Dollinger, M.J. (1995), *Entrepreneurship Strategy and Resources*, Richard Irwin Inc., Burs Ridge U.S.A.
- Futrell, C.M. (1996), *Fundamentals of Selling, 6th Edition*, McGraw Hill, Boston, p. 172
- Giles, G.B. (1994), *Marketing, 6th Edition*, Pitman Publishing, London pp. 60 – 61
- Green D.C. (1978), *Radio Systems, Tec Level II*, Pitman Publishing, Wellington New Zealand
- Hiebert, R. E. (1999), *Impact of Mass Media – Current Issues*, 4th Edition, Longman, New York pp. 9 – 12

- Johnson G. Scholes, K., (2002), *Exploring Corporate Strategy, Prentice Hall International Hertfordshire*
- Jordaan, Y. Prinsloo, M. (2001), *Grasping Service Marketing, Grapevine News Publisher South Africa, pp. 113 – 124*
- Johnson, R.M. (1971), *Marketing Segmentation – A strategic Management Tool; Journal of Marketing Research, Vol. 8., pp. 13 – 18*
- Katz, E. and Wendel, G. (1977)), *Broadcasting in the Third World: Promise and Performance, Cambridge Mass: Harvard University Press pp. 88 – 89*
- Kibera, F.N., Waruingi, B.C. (1998), *Fundamentals of Marketing, An African Perspective, Kenya Literature Bureau, Nairobi, Kenya*
- Kimandi, F.R. (2002), *A survey of the Segmentation Practises of Microfinance Institutions in Nairobi, Unpublished MBA Research Project, University Of Nairobi*
- Kotler, P., Armstrong G., (2001), *Principle Marketing, 9th Edition, Prentice Hall, New Jersey, U.S.A.*
- Kotler, P., (2003), *Marketing Management, 11th Edition, Prentice Hall, New York, U.S.A.*
- Kotler, P. and ArmStrong, G. (1997), *Marketing – An Introduction, 4th Edition, Prentice Hall International, new Jersey, U.S.A.,*
- Levitt T. (1983), *The Globalization of Market Harvard Business Review, May – June, 1983, pp 92 – 102*
- Leader, W. G. Kyritsis, N. (1989), *Fundamentals of Marketing, StanleyThornes, Cheltenham, England pp 50 – 62*
- Lukalo R. (1999), *A Review of Kenya's Broadcast Trends, Nairobi: Panos, pp 37*
- Mason R. E., Rath P.M., Husted S. W., Lynch, R. L. (1992), *Marketing Practises and Principles, 5th Edition, Glencoe, New York USA, PP 68 – 81*

- Mc Quails, D. (2003), *Mass Communication Theory, 4th Edition, SAGE Publications, London, pp 95 – 105*
- Ng'ang'a J. M. (1991), *Market Segmentation by the Medium and Large Scale Manufacturing firms in Kenya, An unpublished MBA Thesis, University of Nairobi*
- Nzyoka D.M. (1993), *Market Segmentation in Kenya: A case of Commercial Banks, Unpublished MBA Research Project, University of Nairobi*
- Oranga J. O. (2005), *Audience media Preference In Kenya: The case of F.M. Radio Stations; Unpublished Masters in Communication Studies, Research Project, University of Nairobi, School of Journalism*
- Paliwoda, S. J. (1993), *International Marketing, 3rd Edition Butterworth – Heinemann Oxford pp 361 – 362*
- Perreault N. McCarthy, E. J. (1996), *Basic Marketing – A global Managerial Approach, 12th Edition, Irwin / McGraw Hill, Boston, USA, pp 80 – 112*
- Porter, M.E. 1998, *Competitive Advantage – Creating and Sustaining superior Performance, The Free Press, New York, USA*
- Severin, W. J. Tankard, J. W. (2001), *Communication Theories – Origins, Methods and Uses in the Mass Media, 5th Edition, Longman, New York, pp 309 – 314*
- Scarborough N. M. and Zimmerer, T. W., (1996), *Effective Small Business Management, Prentice Hall Inc., Upper Saddle River, 5th Edition*
- The Chartered Institute of Marketing: Study Text (June, 1999), *Integrated Marketing Communications, 1st Edition, BPP Publishing Limited, London, United Kingdom*
- The Chartered Institute of marketing: *Study Text (May, 2004), Marketing In Practice, 3rd Edition, BPP, Professional Edition, London, United Kingdom pp 227 – 228*

APPENDIX I: INTERVIEW GUIDE

1. What position are you holding now?
2. What are the main products that have led to the divisions of the company into the existing structures?
3. How has Chloride Exide divided the market into segments?
4. How would you describe market segmentation at Chloride Exide Kenya ltd? (security oriented, interaction oriented, or task oriented)
5. Do you think customers are classified according to the different benefits they seek from an energy solution provider?
6. Do customers prefer your company due to the product you offer?
7. Do customers purchase your goods due to your good reputation?
8. How are your car batteries and motorcycle batteries fairing?
9. How has the demand for small batteries for small cars and motorcycles been fairing?
10. Has the demand for lorry and heavy commercial vehicles been growing or has it remained stagnant?
11. According to the records of your company, who are the majority of the customers in regards to gender?
12. Are variables such as gender, position in the family lifecycle and level of education income and geographic location potential basis for segmentation in a variety of consumer market?
13. Do you think that the success of transportation in Kenya has led to market segmentation
14. Has any research been on your market been undertaken in order to develop corresponding product and marketing mixes for each target market?
15. How do small car batteries influence market segmentation?
16. Have you used lowering of prices as a competitive advantage to win more customers?
17. Is acquisition of market segments important in customer retention and development.
18. Do you have enough resources and capacities to meet customer needs and expectation of its target market?