ASSESSMENT OF MARKET SEGMENTATION AND PERCEIVED SALES VOLUME OF TOYOTA AND HONDA VEHICLE PRODUCTS IN NIGERIA

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ABSTRACT

The study looked into the effect of the market on a company's product or service sales volume. Market segmentation is critical for any company striving to compete in the global marketplace. Consumer needs are varied, and they must all be satisfied as efficiently as feasible. As a result, companies that provide a product or service must understand their numerous target customers and segment their products appropriately for each area. This research examines the segmentation process and how it may be used to increase the sales volume of an organization's goods or services. Trend analysis was utilized to assess data collected from both primary and secondary sources. According to the findings, once products or services are adapted to various sorts of consumer segments, the criteria will be met, resulting in satisfaction and increased demand for that product or service. The study suggests that successful consumer segmentation can boost an organization's demand for a product or service. It has also been suggested that if a profit-making corporation wants to improve sales, they should always work around segmenting customers of their product or service.

Keywords: Market, segmentation,sales, volume, product, and services

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1. Introduction

Market segmentation is the partitioning of a market into different homogeneous groups of consumers. Customers must be understood and their demands must be met, according to the marketing concept. However, various clients have varied wants, and it's rare to be able to please everyone by treating them the same. One of the primary goals of market segmentation is to assist the organization in better understanding the needs of its consumer base. Often, segmenting customers based on specific criteria will assist the company in identifying additional uses for their products that may or may not have been obvious previously. Discovering these new uses for goods and services could help the corporation target a broad audience in the same demographic group, increasing market share in a certain sub-market.

While there may be theoretically “perfect” market groups, in practice, each company in a market will build its own vision of market segments and design product differentiation tactics to exploit them. A firm's market segmentation and product differentiation strategy might provide a brief commercial advantage that is critical to its survival.

2. Objectives of the Study

The objectives of the study are to:

1. Determine if segmenting the market of a product or service increases sales.
2. Evaluate the elements necessary for effective segmentation to be effective.

3. Know how to segment and select a potential segmented market that will increase sales of an organization.

3. Conceptual Framework

According to Kotler and Keller (2005), a market segment is a collection of people or organizations who have similar product and/or service needs because they share one or more characteristics. A real market segment fits all of the following criteria: it is separate from other segments (different segments have different needs), it is homogeneous within the segment (shares common demands), it responds to market stimuli similarly, and it can be reached through market intervention. Consumers with identical product and/or service needs are separated into groups so that varying amounts can be charged to them. These can be thought of as 'positive' and 'negative' versions of the same concept. According to Ayuba (2005), Nigerian companies' marketing efforts lack essential marketing ingredients such as marketing research, marketing planning, and an effective distribution network. Bad quality items, lack of understanding of competitors, poor promotion, distribution, and pricing strategies are the result. In a developing country like ours, where money is low and poverty is rampant, the necessity for effective product marketing segmentation is critical if a business is to succeed.

4. Segment Marketing

A market segment is a collection of clients who have similar interests and desires. As a result, we would discriminate between automobile customers looking for basic low-cost transportation and those looking for a premium driving experience. We must distinguish between a

segment and a sector. A car manufacturer may claim to be targeting young, middle-income car consumers. The issue is that young middle-class automobile buyers have different ideas about what they want in a vehicle. Some people will prefer a cheap car, while others may prefer an expensive one. A sector, not a segment, of young, middle-income car consumers exists.

The marketer's job is to find segments and pick which ones to target, not to create them. Several advantages of segment marketing versus mass marketing include:

- The company can create a more fine-tuned product or service offering and price it appropriately for the target segment.
- The company can more easily select the best distribution and communication channels.
- It will also have a clearer picture of its competitors, which are the companies going after the same segment.

A flexible market offering consists of two parts; a *naked solution* containing the product and service elements that all segment members' value, and *discretionary options that some segment members' value.*

5. Market Segmentation Procedure

(Kotler, 2004)Consumers can be classified into market segments using demographic data. A bank, for example, might elect to divide its customers into groups based on their wealth, annual income, and age. Assume it divides the population into five (5) wealth classes, seven (7)

income classes, and six (6) age groups. This would result in 210 market segments (5 x 7 x 6). However, the fundamental question is whether customers in each segment have the same wants, attitudes, and preferences. As a result, market researchers have advocated for market segmentation based on demands. The seven-step technique developed by Roger Best is given below.

	SEGMENT PROCCESS	DESCRIPTION
1.	**Needs Based Segmentation**	Group customers into segments based on simila r needs and benefits sought by customers in solving a particular consumption problem.
2.	**Segment Identification**	For each needs -based segment, determine which demographics, lifestyles, and usage behaviors make the segment distinct and identifiable (actionable).
3.	**Segment Attractiveness**	Using predetermined segment attractiveness criteria (such as market growth, competitive intensity, and market access), determine the overall attractiveness of each segment.
4.	**Segment Profitability**	Determine segment profitability.
5.	**Segment Positioning**	For each segment, create a 'value proposition' and product - price positioning strategy based on that segment's unique customer needs and characteristics.
6.	**Segment 'Acid Test'**	Create 'segment storyboards' to test the attractiveness of each segments positioning strategy.
7.	**Marketing-Mix Strategy**	Expand segment positioning strategy to include all aspects of the marketing mix: product, price, promotion, and place.

Because categories fluctuate, market segmentation must be done on a regular basis. The personal computer industry used to divide its products solely by speed and power. Later, PC marketers noticed the emergence of

the 'Soho' market, which stands for small office and home office. Mail-order companies like Dell and Gateway catered to this market's desire for excellent performance at a low cost and with ease of use. Soon after, PC manufacturers began to regard Soho as a collection of smaller segments. According to one 'Dell' executive, 'small-office demands may be very different from home-office needs.'

Investigating the hierarchy of attributes consumers consider when choosing a brand is one technique to uncover new segments. This is known as market partitioning. Buyers used to choose the manufacturer first, then one of its car divisions (brand-dominant hierarchy). Many consumers nowadays choose the country from which they want to purchase a car initially (nation-dominant hierarchy). Companies must keep an eye on future alterations in consumers' attribute priorities and respond accordingly.

Customer segments can be discovered by looking at the hierarchy of attributes. Price is the first consideration for buyers. Those who choose the car type first (e.g., sports, passenger, station wagon) are type dominant; those who choose the car brand first are brand dominant. Those who are type/price/brand dominant constitute one group, while those who are quality/service/type dominant constitute another. Demographics, psychographics, and media-graphics may differ by segment.

6. Segmentation by Demographic Characteristics

(Boon & Kurtz, 2004) says that 'As with consumer markets, demographic characteristics define useful segmentation criteria for

business markets'. This includes:

1.Segmentation by Customer Type

Another useful segmentation approach groups prospects according to type of customer. Marketer can apply this concept in several ways. They can group customers by broad categories; manufacturers, service provider, government agency, non-profit organization, wholesaler, or retailer, and industry.

2.Segmentation by End-Use Application

This focuses on the precise way in which a business purchaser will use a product. For example a printing equipment manufacturer may serve markets ranging from a local utility to a bicycle manufacturer to the Department of Defense. Each end user may dictate unique specifications for performance, design, and price. Many small and medium sized companies also segment markets according to end use application. Instead of competing in markets dominated by large firms, they concentrate on specific end use market segments.

3.Segmentation by Purchasing Situation

Yet another approach to dividing business markets centers on the purchasing situation. Organizations use a more complicated purchasing procedure than those of consumers. Firms also structure their purchasing functions in specific ways, and for some business marketers, this may be the best way to segment the market. Each of these structures results in different buying

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behavior. **Effective Segmentation**

(Kotler, 2004) For segmentation to be useful, it has to be:

- ***Measurable:*** The size, purchasing power, and characteristics of the segments can be measured.
- ***Substantial:*** The segments should be large and profitable enough to serve. A segment should be the largest possible homogenous group worth going after with a tailored marketing program.
- ***Accessible:*** The segments can be effectively reached and served.
- ***Differentiable:*** The segments are conceptually distinguishable and respond differently to different marketing-mix elements and programs.
- ***Actionable:*** Effective programs can be formulated for attracting and serving the segments.

Evaluating and Selecting the Market Segments

Kotler (2004) the firm must consider two criteria when analyzing the market segment: the segment's overall attractiveness and the company's aims and resources. Is there anything about a possible segment that appeals to you, such as its size, growth, profitability, scale economies, and low risk? Is it feasible to invest in the segment given the firm's aims, competencies, and resources? Some appealing categories may not align with the organization's long-term goals, or the company may lack one or more required competencies to provide greater value. Following the

evaluation of several segments, a corporation can consider one of five (5) target market selection patterns, which include:

- **Single Segment Concentration:** Volkswagen concentrates on the small-car market and Porsche on the sports car market. Through concentrated marketing, the firm gains a strong knowledge of the segments needs and achieves a strong market presence. Furthermore, the firm enjoys operating economies through specializing its production, distribution, and promotion. If it captures segment leadership, the firm can earn a high return on its investment.

- **Selective Specialization:** the firm selects a number of segments, each objectively attractive and appropriate. There may be little or no synergy among the segments, but each promises to be a moneymaker. This multi-segment strategy has an advantage of diversifying the firm's risk.

- **Product Specialization:** the firm makes a certain product that it sells to several segments. An example would be a microscope manufacturer who sells to university, government, and commercial laboratories. The firm makes different microscopes for the different customer groups and building a strong reputation in the specific product area.

- **Market Specialization:** the firm concentrates on serving many needs of a particular customer group. An example would be a firm that sells an assortment of products only to university laboratories. The firm gains a strong reputation is serving this customer group and

becomes a channel for additional products the customer group can use.

- **Full Market Specialization:** the firm attempts to serve all customer groups with all the products they might need. Only very large firms such as IBM (computer market), General Motors (vehicle market), and Coca-Cola (drink market) can undertake a full market coverage strategy. Large firms can cover a whole market in two broad ways: through-undifferentiated *marketing* or *differentiated marketing.* In undifferentiated marketing, the firm ignores segment differences and goes after the whole market with

One offer. It designs a product and a marketing program that will appeal to the broadest number of buyers. It relies on mass distribution and mass advertising. Undifferentiated marketing is the 'the marketing counterpart to standardization and mass production in manufacturing' the narrow product line keeps down costs of research and development, production, inventory, transportation, marketing research, advertising, and product management. Presumably, the company can turn its lower costs into lower prices to win the price-sensitive segment of the market.

In differentiated marketing, the firm operates in several market segments and designs different products for each segment. General Motors does this when it says that it produces a car for every 'purse, purpose, and personality'. Differentiated marketing typically creates more total sales than undifferentiated marketing. However, it also increases the cost of doing business.

7. Methodology of the Study

The study's population comprises of ten (10) ToyotaCamry and Honda automotive distributors. 100 Toyota Camry Distributors employees and 100 Honda Distributors employees were handed marketing segmentation surveys. The questionnaire, as well as a review of relevant textbooks, journals, and an online search, were the primary sources of information. The questionnaire was designed to elicit responses from respondents. While the documents are being reviewed, the questionnaires are being structured. The data collected from respondents will be examined using descriptive statistics and simple percentages.

Data Presentation & Analysis

These are the results of surveys given to customers of both the Toyota Camry and Honda car brands: 90% are men, while only 10% are women. According to the poll, 67 percent of respondents are between the ages of 25 and 35, 21 percent are between the ages of 35 and 45, and 12 percent are under the age of 25. This suggests that the majority of persons working in the motor industry are of a younger generation. In terms of academic qualifications, 79 percent of respondents have a secondary school diploma, while only 21% have a bachelor's degree or a higher national diploma level.

Table 1

From the options listed below which customer segment,do you focus on when trying to market your automobiles.

Answer Options	Toyota Camry (%)	Honda (%)
Individual Women	5	8
Individual Men	17	78
Private Companies	11	0
Government Para- status	67	14
	100	**100**

From the foregoing data, it can be stated that Toyota Camry vehicles target clients with Government para-status, with the largest percentage of 67 percent, contrasted to Honda brand distributors, who mostly target men with a percentage of 78 percent.

Table 2

From the options listed below which customer segment would you say buys from your dealership more frequently.

Answer Options	Toyota Camry (%)	Honda (%)
Men of Middle Class	6	37
Women of Middle Class	3	11
Government Para-status	71	23
Men of Upper Class	10	17
Private Companies	12	12
	100	**100**

The figure demonstrates that consumers with government para-status

patronize their dealership far more than any other category, with a percentage of 71 percent, followed by private firms with only 12 percent. This demonstrates that businesses in general are loyal customers. Men of the middle class, on the other hand, account for 37 percent of Honda brand buyers, followed by Government parastatals, who account for 23 percent.

Table 3

Approximately how many cars would you say your dealership has sold in the year 2010?

Answer Options	**Toyota Camry (%)**	**Honda (%)**
20 – 50 Cars	91	15
51 – 80 Cars	9	27
81 – 100 Cars	0	48
110 – 140 Cars	0	10
141 – 170 Cars	0	0
	100	**100**

From the table above, it is clear that Toyota Camry automobiles do not have a big number of sales in 2010. The majority of Toyota Camry distributors studied sold between 20 and 50 cars (91%), with only a few selling between 51 and 80 cars. Some Honda dealers were able to sell more than twice as many automobiles (81–100) as most Toyota Camry dealers were able to sell.

Table 4

What options listed below would you say determines why customers buy your automobile brand?

Answer Options	**Toyota Camry (%)**	**Honda (%)**
Its Affordability	0	58
The Aesthetic Look	14	32
Its Durability	55	0
Its Performance	31	10
	100	**100**

According to the table above, Toyota Camry automobiles did not sell in large numbers in 2010. Only a few Toyota Camry distributors investigated sold between 51 and 80 cars, with the bulk (91%) selling between 20 and 50 cars. Some Honda dealers were able to sell more than twice as many cars (81–100) as the majority of Toyota Camry dealers.

Table 5

If you were to use Marketing Segmentation, do you think it would reduce the level of Personal Selling and advertising in your dealership?

Answer Options	**Toyota Camry (%)**	**Honda (%)**
Yes, a lot	49	79
Not much	38	21
No difference at all	13	0
	100	**100**

According to the figure above, only nearly half of Toyota Camry vehicle dealers. (49%) believe that using marketing segmentation, will cut expenses in other parts of marketing (personal selling and advertising), while the other half believe it will make little or no impact. 79 percent of Honda brand dealerships, on the other hand, believe that marketing segmentation will lower the amount of money spent on personal selling and advertising in their stores.

Table 6

To what extent do you think marketing segmentation has contributed towards increasing your dealerships market share?

Answer Options	**Toyota Camry (%)**	**Honda (%)**
A lot	22	57
Fairly	24	29
Very Little	42	16
Barely at All	12	0
	100	**100**

The table demonstrates that the majority of Toyota Camry dealerships believe marketing segmentation has helped very little (42%) to their market share creation, while nearly a quarter (22%) believe it has contributed a lot. While more than half of Honda brand dealers (57%) believe that marketing segmentation has helped them grow their market share significantly.

Table 7

From the options given below what level of revenue (N) would you say your dealership has achieved for the year 2014.

Answer Options (N millions)	**Toyota Camry (%)**	**Honda (%)**
N100 - N150	85	0
N150 – N200	15	6
N200 – N250	0	68
N250 – N300	0	16
N300 and more	0	10
	100	**100**

The analysis shows that most of Toyota Camry car dealers (85%) have made revenue, between N100,000,000– N150,000,000 in the year 2010 and the other 15%, between N150,000,000 – N200,000,000,. Most of the Honda car dealers (68%) have made sales revenue, between N200, 000,000 – N250, 000,000 in sales revenue; 6% between N150, 000,000 – N200, 000,000 in sales revenue; 16% between N250, 000,000 – 300,000,000 in sales revenue; and 10% between N300, 000,000 and more, in sales revenue. Which shows the large difference in revenue.

Table 8

From the options below, which marketing strategy would be more effective in making sales at your dealership?

Answer Options	Toyota Camry (%)	Honda (%)
Mass Marketing	9	11
Segmentation	6	45
Promotional Strategy	12	16
Sales Representatives	73	28
	100	**100**

The analysis shows that a great part of Toyota Camry car dealers (73%) rely more on sales representatives inselling their products to their automobiles, while 45% of Honda car dealers rely more on marketing segmentation in making sales followed by, sales representation (28%).

Table 9

Do you believe Marketing Segmentation is necessary for increasing sales or revenue in your organization?

Answer Options	Toyota Camry (%)	Honda (%)
Yes	43	92
No	57	8
	100	**100**

43% of Toyota Camry car dealers believe that marketing segmentation is necessary in increasing sales in their dealerships, and 57% believe it is not necessary. While 97% of Honda car dealerships believe that marketing segmentation is necessary in increasing sales of their dealership. Only 8% believe it is not necessary. This shows a significant difference in thinking and cultural values, between the two (2) brands of dealerships.

8. Conclusion & Recommendations

From the data analyzed above, it has been concluded that marketing segmentation has great significance in affecting the level of sales of an organization.The study further shows that organizations need to move from mass marketing to marketing segmentation to achieve an increase in sales. Once an organization can identify the market segment it wants to focus on all relevant marketing tools and resources can be used towards trying to meet the needs of that customer segment.

However for segmentation to be effective and be utilized well certain elements like; being able to measure the segment; it should be substantial enough to serve and make enough profit; the segment should be easy access; the segments picked should be distinguishable; and finally effective strategies should be put in place that suits that segment. The following recommendations have been made, that will assist organizations on how they can use effective marketing segmentation to increase the level of sales and market share:

1. Organization need to get professional marketers that can enlighten and train their organization as a whole on marketing

segmentation, and marketing strategies as a whole.

2. Secondly, organizations need to determine who their target customers are, and make sure that the organizations resources are focused on the most viable and profitable of the target customers from that segment.

3. Finally organizations need to understand that once these customer segments are consistently satisfied; then demand will increase, which intern means sales will increase, therefore an increase in revenue of that organization.

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