THE IMPACT OF MARKET SEGMENTATION ON ORGANIZATION PROFITABILITY (A CASE STUDY OF CHAMPION BREWERIES PLC UYO)

CHAPTER ONE

BACKGROUND OF THE STUDY

1.1 INTRODUCTION

Market segmentation is the process of dividing the different kinds of market into smaller customer division having certain relatively difference in characteristics that can be satisfied by an organization or a market. It can also be explained as a process sub-dividing a homogeneous group that will respond differently to promotions, communication advertisement. It is a marketing strategy which organizations implore in their market activities so that the capital invested in its marketing operation can be achieved. This project meant to explore not only to show the benefits accruing to the organization in segmenting its marketing operation. All market segmentation consisting of customers with different needs and organizations seeks different ways to bring to other this diversities as the developed strategies to completes for customers, Mason and Ezeun (1990). Each segment or group can be targeted by different marketing mix because the segments are increased to minimize inherent differences between respondents. Began and Finr Bemer (1994). Most organizations fail to apply marketing segmentation in its marketing operations in views of these, discussing on the benefit of market segmentation becomes important. Some years, the issues of greater attention in terms of segmented market filled the air all these tend to bring in not only the need for the organization to apply market segmentation to be properly achieved, this study will show how market strategy tends to influence the sales volume of any organization. It should be noted that market segmentation performs the following marketing roles.

* It helps in identifying unsaved market, and also allow a new company or new products to target less contested buyers
* It is easier to address the need to smaller groups of customers.
* It makes more efficient use of marketing resources by focusing on the base segment of offering.

1.2 STATEMENT OF PROBLEMS

Market segmentation refers to the division of a market into homogenous group which will respond differently to various characters. It is the subdivision of market into distinct subsets of customers where any subset may conceivably be selected as a target market reached with a distinct marketing mix (Kotler, 1980:195)

Despite the advantages of market segmentation in market operation or in organizations most firm dose not normally adopt such policy in their marketing operations, due to certain challenges involved. But through market segmentation policy is being applied in Champion Breweries Plc Uyo.

1.3 OBJECTIVE OF THE STUDY

The objective of this study are as follows:

* To investigate the role of market segmentation in the profitability of Champion Breweries Plc Uyo.
* Identify the objectives of market segmentation champion Breweries Plc Uyo.
* To determine the market segmentation strategy used by champion breweries plc uyo
* To identify problems confronting champion breweries in the market segmentation strategy
* To recommend ways of marketing effectiveness of using market segmentation in Champion Breweries Plc.

1.4 SIGNIFICANCE OF THE STUDY

* This study focuses on the impact of market segmentation in champion breweries plc
* This study also serves as a challenge to other fellow competitors in companies
* This study serves as references to other student whom may wish to go into similar research work.

1.5 SCOPE OF THE STUDY

The scope of this study is limited to Champion Breweries Plc and it involves all the staff ranging from junior to the managers level. And it limitation may raised are as follows

Due to time factors and limitations

* Bad communication network
* Financial breakdown
* Bad means of transportation

Dimension depending on the variables of the scope of this study is champion breweries plc and the extent to which the organization has applied this concept in its marketing operation in order to increase their sales volume. However this study is determined to the application of market segmentation in organization. The choice of champion breweries plc for this research is to inform the public its predicted strategic importance for economy in terms of food and beverages in comparison with other marketing operations. When we consider the dynamic nature of food and beverages sector and the competition of the activities therein, it presents itself the most assurable sector for a research work of this nature. And also the importance and positive effect of market segmentation strategies on organization. There are certain limitations or negative effects that may confront this research work. Some of such negatives effects are:

1. Financial factors
2. Bad communication network and means of transportation.

1.6 RESEARCH QUESTION

1. What role does market segmentation play in profitability of champion breweries plc uyo?
2. What are the objectives of market segmentation in champion breweries plc uyo?
3. What market segmentation strategy is adopted by champion breweries plc uyo?
4. What are the problems confronting champion breweries plc?

1.7 RESEARCH HYPOTHESIS

The following hypothesis has been formulated and will be verified in the course of this study

H1: Market segmentation plays a significant roles in the profitability of Champion Breweries Plc Uyo.

H2: there is no specific objective of market segmentation in champion breweries Plc Uyo.

H3: There is no problem confronting champion breweries in their market segmentation strategy

H4: there is relationship between market and segmentation in an organization profitability.

1.8 DEFINITION OF TERMS

Market: The word ,market is an English word in the sense that, it is an aggregate of people who as individual organization have need for products in the products class and who have the ability, willingness and authority to buy it. It is not geographical area of exchange but the present and potential buyers that have the ability (money) and willingness (taste) to buy Album (1991).

Strategy: This implies a plan or programme of action aimed at meeting a challenges or winning to do in order to achieve a goal. Hornby (1974) defines strategy as the art of planning operations in ways especially of the movement of aims and navies into favorable positions for fighting, skill in managing an affair of an organization be it the army or business organization with the aim of achieving a goal.

Marketing: It is being defined as a sum total in business activities that maximizes the flow of goods and services from the producer to the final consumer Kottler (1990). It is human activity directed at satisfying needs and wants through exchange process. Such identifies needs and wants becomes a products idea that has to be communicated to production department of the organization for translation into physical goods for the satisfaction of these identified desires.

1.9 ORGANIZATION OF THE STUDY

Chapter one introduces the background of the study, chapter two reviewed the related literature by introducing the definition and importance of market segmentation through market segmentation techniques with the application of market segmentation in an organization by creating major criticism of market segmentation of product management. And chapter three show how research methodology and research design can be use in area of the study by showing the population of the study through sample and sampling techniques by research instrument and administration of instrument by decision rule. Chapter four highlights data presentation analysis and interpretation in which its introduces the data presentation in tables and testing of null hypotheses by discussing the finding. Chapter five brought about the summary, conclusion and recommendations by inducting the summary, conclusion, recommendations and also suggestions for further studies and references with appendix.

1.10 BRIEF HISTORICAL BACKGROUND OF CHAMPION BREWERIES PLC UYO

Champion breweries plc was incorporated as a private limited liability company on the 31st of July, 1914 with the same south east breweries limited. The company’s name was changed from south east breweries limited to Cross River breweries Limited and thereafter to champion Breweries limited. The later names, champion breweries limited changed to champion breweries plc on the 1st of September, 1992. On the 24th of November, 1994, the then south eastern state of Nigeria signed an agreement with messers, hence breweries the GMBH of humbury technical partners for the supply and construction of a turnkey brewery in Uyo with a capacity of 150,000 hectoliters. The foundation stone of the breweries was laid on the 19th of March, 1975. On the 11th of December, 1976 the breweries was officially commissioned and its products and also champion lager beer launched into the market with success with initial capacity of 150,000 hectoliters per anum.