



Market segmentation practices and the performance of small and medium enterprises (SMEs) in Benue state, Nigeria

Dr. Tyoapine Hanmaikyur

Department of Business Administration, Federal University of Agriculture, Makurdi, Nigeria

Abstract

The place of Market Segmentation in positively enhancing the performance of Small and Medium Scale Enterprises has often attracted mixed conclusions. This study investigated the Effect of Market Segmentation practices on the performance of Small and Medium (SMEs) in Benue state. A cross-sectional survey design was put in place for the study. The unit of analysis was organizations while the owner/managers of SMEs were the respondents. The study employed systematic and simple random sampling as well as the snowball sampling techniques to collect the needed data for the study with a sample size of 401 SMEs covering SMEs from all sectors that exist in the study area. A combination of descriptive and inferential statistics were thereafter used to empirically and statistically analyze the data collected, with the aid of Statistical Package for Social Science (SPSS) version 20. Hence the regression analysis was used to test the hypotheses. The findings of the study revealed Market segmentation have significant positive effect on SMEs performance in the study area. The study therefore has no option but to conclude that Market segmentation have positive effect on SMEs performance in Makurdi metropolis of Benue state, Nigeria. It therefore recommends (among others that) SMEs managers and operators should accord Segmentation practices more attention to derive the benefits that accrue from its usage.

Keywords: market segmentation, performance, Smes, Benue state, Nigeria

1. Introduction

The market is an important and useful human institution for meeting consumer's needs. Individuals and organization engage in good number of marketing activities to satisfy their needs (usually at a price). Today marketing is everywhere, formally or informally. However, there is one constraint in the process of marketing as companies cannot connect all customers in large, broad or diverse market at the same time especially since all markets are heterogeneous. Effective marketing and business strategy therefore requires a segmentation of the market into homogeneous segments, an understanding of the needs and wants of these segments, the design of products and services that meet those needs and development of marketing strategies, to effectively reach the target segments. Segmentation is widely acknowledged as a fundamental component of understanding and addressing an organization's market (Itodo, 2015).

Thus focusing on segments is at the core of organizations' efforts to become customer driven; it is also the key to effective resource allocation and deployment. In today's global economy, the ability to customize products and services often calls for the most micro of segments: the segment of one. Following and implementing a market segmentation strategy allows the firm to increase its profitability which provides the theoretical rationale for segmentation. The underlying logic for market segmentation centers on the assumption that customers demonstrate heterogeneity in their product preferences and buying behavior (Green, 1977) ^[15].

This variability is generally explained by differences in product and/or user characteristics (Mahajan and Jain, 1978) ^[22]. Market segmentation helps businesses deal with this

heterogeneity by balancing the variability in customers' needs with the limits of available resources. For most businesses it is simply unrealistic to satisfy the entire diverse customer needs in the marketplace. By focusing marketing efforts on certain segments, the impact of limited resources can be increased. Segmentation is fundamental to successful marketing strategies. The fundamental belief in the market segmentation strategy is that it enhances customer satisfaction, competitive advantage and superior performance especially for firms that have the expertise to: (1) identify segments of demand, (2) target specific segments, and (3) develop specific marketing "mixes" for each targeted market segment (Dibb, Simkin, Pride & Ferrell, 1994). According to Hunt (2002), Businesses from all industry sectors use market segmentation in their marketing and strategic planning. For many, market segmentation is the panacea of modern marketing (Wind, 1978). Both the underlying logic and the rewards which segmentation offers are well established in the marketing literature. In the present well informed business environment, customer needs are becoming increasingly diverse and the needs can no longer be satisfied by a mass marketing approach. Businesses can only cope with this diversity by grouping customers with similar requirements and buying behavior into segments. This study seeks to investigate the effect of market segmentation on the performance of Small and Medium Enterprises (SMEs). The main objective of this study is to determine the effect of Market Segmentation on performance of small and medium scale enterprises in Makurdi metropolis of Benue state. The following hypotheses have been formulated for this research work in its null form as follows: Market Segmentation has no effect on the performance of SMEs in Makurdi

Metropolis of Benue state, Nigeria.

This study is very significant. First, little or nothing is known about the effect of Market Segmentation on the performance of SMEs in Makurdi metropolis. The study therefore, fits into the quest to unveil the effects of Market Segmentation on the performance of SMEs in the study area. It will offer a combination of academic contributions for scholars and researchers, managerial implications for policy makers and practical contributions for practitioners and operators.

However, because Market Segmentation practices are neither static nor universal and because they differ from one place to another, there is need to carry out such a research study in the study area especially because of increasing growth of business activities in general and SMEs in particular in the area. Besides, the relationship between Market Segmentation and small business performance has not yet been entirely investigated in the area studied.

Even in places where the relationship between Market Segmentation and small business performance have been investigated, there are still gaps on the acceptance of outcomes and research findings as many of such studies have produced mixed results. The inconsistent findings suggest that the effects of EM practices on SMEs performance in Nigeria and elsewhere still need to be investigated so as to arrive at the true position. This research study fills that gap.

The scope of this study covers Small and Medium scale Enterprises in Makurdi metropolis in Benue state of Nigeria. Nigeria is a country with a population of about one hundred and seventy (170) million people (NPC, 2014) and constitutes an important part of the world economy, especially on the African continent where it accounts for a substantial part of the business activities. The country has the largest economy in Africa and may be rightly described as the economic, social, and political summary of the West African sub-region (Osugbo, 2015). For numerous limiting factors, the study is confined to Benue state, in the central geopolitical zone of the country. The study covers all the wards that are in the metropolis with a population of over 1000 SMEs (Benue State Ministry of Commerce and Industries, 2014). The scope of the study variable for this study is SMEs performance as the dependent variables made up of Return on Investment (ROI), Market share, Sales growth and Customer satisfaction, while entrepreneurial marketing practices, the independent variable, is proxied by Market segmentation. The study covers a period of 3 years from 2012 to 2014.

The choice of the study area is informed by the increasing growth of business activities in general and SMEs in particular in the entire Makurdi metropolis of Benue state, Nigeria, which may be attributed to the emergence of the state as the food basket of the nation, the conducive and secured business environment in the area as well as the proximity of the area to the nation's federal capital, Abuja. Besides, the study area occupies a centrally located position in the country, has a large population and is cosmopolitan in nature.

2. Related literature and conceptual clarification.

Market segmentation

Market segmentation is the process of dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviours who might require separate product or

marketing mixes (Kotler and Armstrong, 2006). In a similar submission, Inalegwu, (2014) agrees that Market segmentation is a practice of dividing markets up into homogenous „segments“ of consumers or customers. The author informs further that in marketing theory, segmentation is one step in a broader process which includes the targeting of messages or advertising campaigns to specific segments. To Itodo, Market Segmentation involves the grouping of customers with similar needs and buying behavior into segments, each of which can be reached by a distinct marketing programme.

Schiffman and Kanuk (2000) ^[29] regard market segmentation as the process of dividing a market into distinct subset of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix. Marketers do not create a segment because segments are natural phenomenon. Through segmentation research, a marketer identifies the segments and selects one or more segments to target and satisfy. The underlying aim of market segmentation is to group customers with similar needs and buying behavior into segments, thereby facilitating each segment being targeted by a distinct product and marketing offerings to be developed to suit the requirements of different customer segments (Quinn, 2009).

Advocates of segmentation suggest that businesses adopting a segmentation approach can enjoy a variety of benefits. The customer and competitor analyses which segmentation approach require, allow the business to become more in tune with the behaviour of both. The result can be a better understanding of customers' needs and wants, allowing greater responsiveness in terms of the product on offer. The enhanced appreciation of the competitive situation also allows the business to better understand the appropriate segments to target and the nature of competitive advantage to seek. Furthermore, a segmentation approach can add clarity to the process of marketing planning, by highlighting the marketing programme requirements of particular customer groups.

One of the primary aims of segmentation in marketing is to focus on the subset of prospects that are mostly likely to purchase its offering. Market segmentation when done properly will maximize returns for a given marketing expenditure (Salami & Adewoye 2006). According to Onaolapo, Salami and Oyedokun, (2011) ^[25] Business needs for segmentation are often determined by the needs to match the benefits offered by the product and requirements of the prospects (customers).

In another submission, Sternthal and Tybout, (2001) ^[32] opine that all market segmentation strategies should be premised on the basic assumptions that many markets are significantly, but not completely, heterogeneous regarding consumers' needs, wants, use requirements, tastes, and preferences, and, therefore, can be divided into smaller, meaningful, relatively homogeneous segments of consumers.

It is clear that Market segmentation generates superior market knowledge (Piercy and Morgan, 1993) ^[28], alerts the company to the critically important trends and opportunities (Garda, 1981) ^[14], allows a firm to identify underserved/growing/least price sensitive segments (Slater and Narver, 2000) ^[30], identifies the groups most worth pursuing – the underserved, the dissatisfied, and those likely to make a first-time purchase (Yankelovich and Meer, 2006)

[36].

It also provide insights into opportunities within the existing customer base to expand the share of customer requirements that the firm can exploit (Morgan, Anderson, and Mittal, 2005) [23], enables uncovering innovative product, prices, distribution and service strategies (Hlavacek and Reddy, 1986) and generates insights into how a firm's product and service offerings may provide the greatest non-price value to customers and channel members (Slater and Narver, 2000) [30].

Market segmentation also lead to more productive resource use by better matching the firm's resource base with market opportunities (Morgan, Vorhies, and Mason, 2009) and allows firms to focus their resources on segments of consumers that are more likely to purchase their market offerings (Mahajan and Jain, 1978) [22].

Aim of Market Segmentation

According to Onaolapo, Salami and Oyedokun, (2011) [25] Business needs for segmentation are often determined by the needs to match the benefits offered by the product and requirements of the prospects (customers). Some 'needs' categories for segmentation range from improvement in cash flows, manufacturing quality, service delivery, employee working condition to market share or competitive position. Other business segments are designed as a means for reducing expenses, or achieve the goal especially of serving a given market or social better group or simply to create a market 'niche'. Whatever the needs for embarking on such market partitioning, segmentation can only be practically feasible where the target market segment is easily identifiable, accessible, and respond differently to the different marketing mixes offered (Onaolapo, Salami & Oyedokun,(2011) [25].

The main aim of market segmentation is to group customers with similar needs and buying behavior into segments thereby facilitating each segment being targeted by a distinct product and marketing offerings to be developed to suit the requirements of different customer segments (Wind, 1978). Market segmentation is widely regarded as a panacea for a variety of marketing ailments. Market Segmentation aims to achieve enhanced business performance, effectively serve the segmented portion of the market, stay on top of competition in the market etc.

Whatever is the aim for embarking on such market partitioning, segmentation can only be practically feasible where the target market segment is easily identifiable, accessible, and respond differently to the different marketing mixes offered. A good market segmentation should result in the satisfaction of segment members that are internally homogeneous and externally heterogeneous, that is as similar as possible within the segment but as different as possible between segments (Itodo, 2015).

Adina (2012) informs that the market segmentation concept was officially introduced by Smith (1956) [31] in a seminal paper, where he distinguished between market segmentation and product differentiation as alternative marketing strategies. According to Adina (2012) What Smith (1956) [31] meant by market segmentation was a "more precise adjustment of product and marketing effort to consumer requirements", which is in fact the essence of the marketing concept. In his view, market segmentation is disaggregative, as it recognises several demand schedules where previously only one was recognized. Frank *et al.*, (1972) concludes that

Market segmentation originates from economic pricing theory which states that firms can maximize profits by using different pricing levels to discriminate between segments.

Steps in Market Segmentation

Adina, (2011) [1] identified six steps that must be properly followed in segmenting any market. According to this author, the first step involves a selection of a market or product category for study". It may be a market in which the firm has already occupied a new but related market or product category, or a totally new one. The second step is to "choose a basis or bases for segmenting the market". This step requires managerial insight, creativity and market knowledge.

There are no scientific procedures for selecting segmentation variables. However, a successful segmentation plan must produce market segments which meet the four basic criteria: "substantiality, identifiability, accessibility, and responsiveness". The third step is "selecting segmentation descriptors". After choosing one or more bases, the marketer must select the segmentation descriptors. Descriptors identify the specific segmentation variables to use. The fourth one is to "profile and analyze segments". The analysis should include the segment's size, expected growth, purchase frequency, current brand usage, brand loyalty, and long-term sales and profit potential. This information can then be used to rank potential market segments by profit opportunity, risk, consistency with organizational task and objectives, and other factors which are important to the company. The fifth step is to "select target markets". This step is not a part of the segmentation process but a natural result of it. It is a major decision that affects and often directly determines the firm's marketing mix. The last one is "designing, implementing and maintaining appropriate marketing mixes". The marketing mix has been described as product, distribution, promotion and price strategies which are used to bring about mutually satisfying relationships with target markets.

Potential Benefits of Market Segmentation

The value that an organization derives from segmentation varies according to the context. For instance, segmentation provides marketing with the information to identify, attract, develop and retain the most valuable customers. It can also identify customers that are most vulnerable to, and most winnable from, competition. In the current business context of dynamic customer behavior and impact of digital tools and techniques on the buying process, a well-defined segmentation process would enable the development of offerings that are more differentiated and less commoditized, shifting the basis of competition from price to value. Kotler, (1994) suggest that segmentation leads to more satisfied customers, because it offers practitioners a number of clear benefits including:

1. Improved understanding of customer needs
2. More appropriate resource allocation.
3. Clearer identification of market opportunities and
4. Better turned and positioned marketing programmes

On his part, Wind, (1978) maintain that segmentation help organisations to identify market opportunities and improving the allocation of resources, this should assists in the development of a sustainable competitive position and ultimately leads to more satisfied customers. It must be stressed that benefits that accrue to businesses from

segmentation exercises are only achievable if the exercise is rationally carried out and properly implemented.

Performance

Performance, considered to be a subset of the broader concept of organizational success is a fundamental feature for survival and sustainability as performance factors like appropriate entrepreneurial marketing practices have been found to spur business expansion, sales growth, customer satisfaction and return on investment in all classes of SMEs (Itodo, 2015). Prior research efforts (Eniola & Entebang, 2015) ^[12] suggest that sound CRM practices are an important contributor to performance in business.

Small and Medium Enterprises

A proper definition of SMEs is important to distinguish between the different categories of the production units in terms of factors like; number of employees, the value of fixed assets, production capacity, basic characteristics of the inputs, level of technology used, capital employed, management characteristics, etc. (Eniola, Entebang, and Sakariyau, 2015) ^[12] Scholars have argued that there is no general accepted definition of small or medium businesses because of the classification of businesses into large, medium or small scale is a subjective and qualitative judgment (Eniola, 2014) ^[13]. It is hard to develop a general definition of a small concern because the economies of countries differ, and people take on particular standards for special uses. Different institutions and nations use different standards to define SMES. Because, a lot of their bodily processes depend on the industry in which they operate, also, the personalities and ambitions of those in charge of these businesses.

Despite the lack of consensus on the definition of SMEs, Scholars surmise that SME performance is the lifeblood of the economic scheme by contributing to the economic growth of the country. Small and medium-sized businesses (SMEs) play a vital role in the economic growth of countries (Tubastuvi & Sobrotullmtikhanah, (2014) ^[33]. Consequently, the performance of the SME sector is closely associated with the performance of the nation

In Nigeria, the contribution performance of the SMEs is considered as the spinal column. SMEs are extremely important and contribute significantly to the economic growth in the country. These classes of enterprises comprise about 70% to 90% of the business establishment in the manufacturing sector in Nigeria (Eniola & Ektebang, 2014) ^[13]. Moreover, the potential of SMEs is to serve as an engine for wealth creation, employment generation, entrepreneurial skills development, and sustainable economic development. SMEs is the creativity and ingenuity of entrepreneurs in the utilization of the abundant non- oil, natural resources of this nation will provide a sustainable platform or springboard for industrial development and economic growth as is the case in the industrialized and economically developed societies (Eniola & Ektebang, 2014, Dzisu, Smile & Ofosu, 2014) ^[13]. SME provides over 90% of employment opportunities available in the manufacturing sector and account for about 70% of aggregate employment created per annum (Ediri, 2014, Eniola & Ektebang, 2014) ^[10, 13].

This study adapt the definition and classification of SMEs as provided by SMEDAN that SMEs is any small business that is legal and operates on a full time basis in the study area with a staff strength of between 11 to 49 staff for small

business with asset base of 1 to 50 million naira excluding land and buildings, while the Medium scale business is a legal business that operates on a full time basis in the study area with a staff strength of between 49 and 199 and asset base of between 50 to less than 500 million naira excluding land and buildings. The study believes that whichever way the definition of SMEs is put forth, SMEs is the annexation of resources and the overall contribution to the economic wellbeing of developing nations across the globe.

Market Segmentation and Business Performance

It is important to identify whether market segmentation provides companies with enough value to justify the investment and effort required. Smith (1956) ^[31] argued that the outcome of market segmentation should be “depth of market position in the segments that are effectively defined and penetrated”, indicating a measure of market performance. Many empirical works have been done by researchers to establish the nature of relationship between market segmentation and business performance.

Adina, (2011) ^[1] conducted an empirical study on market segmentation capability and business performance: A reconceptualization and empirical validation. The main purpose of this study was to investigate the relationship between market segmentation and business performance. The research was conducted within the critical realism paradigm and adopted a sequential qualitative-quantitative methodology, using 24 in-depth interviews with marketing managers and segmentation experts. The study revealed that implementing market segmentation is perceived to have positive effects on three types of business performance measures. Firstly, through targeted marketing campaigns and tailored value propositions based on each segment’s needs, segmentation implementation is perceived to increase customer performance measures, e.g. customer acquisition, loyalty and satisfaction. Secondly, through identifying remaining ‘pockets of value’ in a maturing market and/or growing, under-served or valuable segments in a developing market, exiting shrinking segments and adapting brand communications to suit each segment’s preferences, segmentation can increase market performance outcomes (e.g. increased market share, stronger competitive position). The study therefore concludes that pursuing a segmentation approach should enhance an organization’s performance.

Dibb (2005) ^[6] investigated market segmentation implementation barriers and how to overcome them. The study concluded that businesses have found market segmentation useful as customer needs are too diverse to be satisfied by a mass marketing approach, hence focusing on satisfying the needs of selected segments should lead to higher purchase rates, customer satisfaction and loyalty – measures of customer performance. Thus the study seems to suggest that implementing market segmentation can have an effect on market, customer and financial performance of a firm. The above findings are in line with Hooley *et al.*, (2005) ^[18] findings which submitted that these three research outcome of higher purchase rates, customer satisfaction and (particularly) loyalty measures of customer performance dimensions have been considered as dimensions of business performance in the marketing literature.

Peterson (1991) ^[27] studied Small business usage of target marketing and finds that firms who employ segmentation strategy have a higher return on invested capital than those who did not pursue this strategy. He notes however that this

finding does not prove the efficacy of segmentation strategy but still provides a presumption of effectiveness. Similarly, Verhoef, Spring, Hoekstra and Leeflang, (2002) ^[35] carried out an empirical study of the commercial use of segmentation and predictive modeling techniques for database marketing in the Netherlands. The study revealed that companies using segmentation have better results and are more satisfied with their marketing performance than those who do not.

Dibb, Stern and Wensley, (2002) ^[8] investigated Marketing knowledge and the value of segmentation. The authors find that practitioners consider segmentation to lead to greater customer understanding, better matching between the firm and its customers, better identification of gaps and better new brand development. Interestingly, in their sample, improved profitability and understanding of competitiveness were the least 'popular' outcomes of segmentation. Foedermayr and Diamantopoulos (2009) ^[13] investigated Export segmentation effectiveness: index construction and link to export performance. The study concluded that two dimensions of segmentation effectiveness (cost savings and positioning performance) have the strongest impact on export performance. Panayides (2004) ^[26] researched the Logistics service providers: an empirical study of marketing strategies and company performance. The study finds market segmentation strategy positively related to market share but not to other measures of performance. These studies bring some empirical support to the argument that market segmentation has a positive influence on performance outcomes. All the above studies were undertaken in developed nations.

Onaolapo, Salami and Oyedokun, (2011) ^[25] empirically studied "Marketing Segmentation Practices and Performance of Nigerian Commercial Banks". The paper particularly examined the impact of marketing segmentation practices on the performance of selected Nigerian commercial banks in the post consolidation era 2005 to date. Emphasis was on the forms of segmentation practices adopted, the extent to which their performance have been influenced and customers loyalty secured. Data employed were mainly secondary while the research design was exploratory in nature relating such basic variables as market segmentation practices of market share; pricing and geographical branch location to performance. Statistical test using Herfindahl Hirschman Index was used as surrogate for market concentration which was tested against performance. The study found among others that segmentation has benefited some sections of the industry more than others thus enabling dominance of the market share and customer patronage. It however discovered that there is a threshold point beyond which further commitment of funds into market-segmentation practices by a bank will result in negative result.

It is obvious that researchers and other writers in this field have failed to arrive at a compromise on the effects of market segmentation and business performance. This lack of consensus evidence has given rise to repeated studies including the present one to establish the true position of the effect of Market Segmentation on the the performance of SMEs in the study area.

3. Research Methodology

Research Design

This study made use of Cross- sectional design and

employed the survey method in obtaining the needed data. Given that the study focused on the Effect of market segmentation on the performance of SMEs, the survey method is considered more appropriate to realize the goal of the research exercise.

Study Population

The population of this study consisted of the entire SMEs in Makurdi metropolis in Benue State of Nigeria, which numbered about 1,102, (the State Ministry of Commerce and Industries (2014), National Association of Small Scale Industries (NASSI, 2014), Researchers snowball sampling, 2014), offering various products/services to the general public. Most of the SMEs existing in Makurdi metropolis operate as family/sole proprietorship businesses and are generally classified into commercial, industrial and agricultural categories depending on their activities. Commercial SMEs however constitute more than 90% of the entire number (Benue State Ministry of Commerce and Industries, 2014). The population of the study therefore covers the entire SMEs in the study area.

Sampling, Sample size and technique

A sample is a smaller set of cases a researcher selects from a larger pool and generalises to the population (Neuman 2006).

The best sample size depends on the degree of accuracy required, the degree of variability and diversity in the population, and the number of different constructs examined simultaneously when analyzing data (Neuman, 2006). Reasons for using sample includes; the impossibility of collecting data and information from each population; studies using a sample rather than the entire population are likely to produce better and reliable results; fatigue is reduced and fewer error in data collection (Sekaran & Bougie 2010).

In determining the sample size for this study, Systematic sampling technique was adopted to select 285 respondents using Kriecie and Morgan (1970) However, as a deliberate effort to minimize errors in sampling, effectively take care of the non-response rate issue as well as ensure high sample size, the sample size was doubled or multiplied by two (Aliyu, 2014). Therefore, 570 samples (that is 285 x 2) was the determining factor for the total number of questionnaires that were finally administered. This is in line with Alrech and Settle's (1995) submission that lower sample size has the tendency to attract higher errors. The author argues further that higher samples are more prone to accurate results

Source of Data collection/ Instrument for Data Collection

Data needed for this study was collected from the primary sources which Valos and Bednall, (2010) defined as data gathered and assembled for a research project at hand. The instrument used to collect primary data for this research is the questionnaire. Moody, (2012) defines questionnaire as any written instrument that produces respondents with a series of questions or statements to which they are to react either by writing out their answers or selecting from amongst existing answers.

Though the self-administration of questionnaires adapted for this research study is costly especially when compared to a postal survey; notwithstanding, the researcher favors it

because of its outstanding benefits. One of such benefit is that, the researcher was on hand to give additional explanation on items that needed clarification by the respondents. Above all, the researcher succeeded in persuading the respondents to take part in the survey and give their sincere opinions where resistance was noticed in line with the submissions of Sekaran and Bougie, (2010).

Validity and Reliability

One important way of ensuring that researchers use the right instruments and have taken correct measurement is to ensure that the research outcome is in consonance with the two major criteria for measuring quality which are validity and reliability (Aliyu, 2014). To achieve good result in a research study, data collected and instruments for collection should be Reliable, Valid, dependable, consistent and reasonably stable over time, and across investigators and methods, which is similar to the concept of quality control that typically rests with replication and yields consistent results if the study is performed on a different subject sample (Cooper & Schindler 2003).

Attempts made to ensure that the instruments used for data collection in this study are both valid and reliable by minimizing bias included a careful examination of existing literature and research. The efforts made help to ensure the appropriateness of the scale used in the study.

Method of Data Analysis

Quantitative research approach was adopted for this

research study as recommended by Sekaran, Robert and Brain, (2001). Similar previous studies that employed quantitative research method include: Kheng, June and Mahmood (2013), Shehu (2014) Aliyu, (2014) and Yahya, (2014).

The decision to use quantitative research design method is also justified on the ground that the study solicited responses from a large number of respondents. A quantitative research refers to the systematic investigation of scientific or mathematical properties and their relationships. The responses from the sample vary and some responses were grouped together in order to arrive at percentages and figures as the statistics.

Descriptive Statistics, a statistical tool that is used to describe and summarize information and raw data about basic patterns in the population and sample was used in the research study alongside with Inferential Statistics. To assess the effects of Market on the performance of SMEs, standard multiple regression analysis using SPSS version 20.0 was used.

Regression analysis is considered a more appropriate technique for this type of analysis because of its ability to predict the “effects of more than one independent variable on one dependent variable using principles of correlation and regression” (Kerlinger, 1979).

4. Test of study hypotheses and discussion

H₁: *Market Segmentation has no effect on the performance of SMEs in Makurdi Metropolis.*

Table 1: Effect of Market Segmentation on SMEs performance Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	12.911	4.083		.738	.465
MSG	.646	.109	.608	.456	.012

Dependent Variable: PRF

SPSS 20.0 Output for this study, (2019)

PRF = 12.911 + 0.608MSG
 S(b_i) : [0.109]
 P-value : {0.012}

From the regression equation above we have,
 b₅ = 0.608
 Standard deviation of b₅ = 0.109

H₀: b₁ = 0

H₀: b₁ = 0

½ b₅ equals 0.304

This study sought to know the effect of Market Segmentation on the performance of SMEs in Makurdi Metropolis. It aimed to assess whether Market Segmentation can be a good predictor toward SMEs performance in the study area. This was also represented in the research hypothesis which hypothesized that Market Segmentation has no effect on the performance of SMEs in Makurdi Metropolis in Benue. Multiple linear regressions were conducted to test this hypothesis as earlier on indicated in the research model specification. Using the standard error test, $S(b_5) < 1/2b_5$ above, the result of the analysis shows that $0.109 < 0.304$. We therefore had no option than to reject

the null hypothesis and instead, accept the alternative one. That is, we accept that the estimate b₅ is statistically significant at the 5% level of significance. This implies that Market Segmentation has a positive effect on the Performance (PRF) of SMEs and the relationship is statistically significant ($p < 0.05$) and in line with a priori expectation. This also means that a unit increase in Market Segmentation will result to a corresponding increase in Performance of SMEs by a margin of 60.8 in the study area. The result of this study is in line with results of many other similar studies including those of Onaolapo, Salami and Oyedokun, (2011) [25], Adina, (2011) [1], Puwanenthiren, (2012), Premkanth, (2012) Who all agree that Market Segmentation has a lot of positive effect on performance. On the contrary, the study contradict the findings of Foedermayr and Diamantopoulos (2008) whose study conclude that of market segmentation practice offers little practical help and guidance to marketers who seek to implement it.

5. Conclusion and recommendation

This study investigated the effect of Market Segmentation on the performance of SMEs in Makurdi metropolis. The choice of Market segmentation for this study was based on the outcome of the revealed literature and the researcher’s interaction with SMEs managers and operators in the study area. The effect of Market Segmentation was used against

SMEs performance.

The research hypothesis for this study was to examine the effect of market segmentation on SMEs performance in Makurdi metropolis. After a comprehensive relevant analysis, market segmentation marketing practice was found to have 60.8%. This means that a unit increase in market segmentation will have a 60.8% positive effect on the performance of SMEs in the study area and is therefore, a good predictor of SMEs performance in Makurdi metropolis. The finding shows that Market Segmentation has positive effect on SMEs performance in the study area and is therefore a good predictor of SMEs performance in Makurdi metropolis, Nigeria. The implication of this finding is that issues regarding market segmentation should be given further emphasis by SME owners/managers as it has become clear that the ability of any SMEs to give market segmentation the attention it deserves will guarantee its success and hence, the possibility of achieving high and sustained performance as well as gaining competitive advantage.

The finding of this study will be of importance to policy makers such as the Small and Medium Enterprise Development agency of Nigeria (SMEDAN) and other related agencies in designing more realistic policies, programs and operating strategies for SMEs in the country. Central bank of Nigeria will equally benefit from the outcome of the present study, as the study findings will serve as a guide in resource allocation and offer a guideline to commercial banks in assisting SMEs.

Recommendations

Based purely on the findings of this study and Consequent upon these and other issues examined in the study, the following recommendations are made.

1. SMEs managers should always adopt Market Segmentation strategies that will assist the utilization of their strengths to exploit opportunities while avoiding its weaknesses. They should also imbibe investment culture and practice of ploughing back profits. The socio-political ambitions of some SMEs operators may lead to the diversion of valuable funds and energy from business to social waste which in turn will affect their performance.
2. The successful working of any organization irrespective of its size of operation depends on the people working there. SMEs Managers should make the training of their staff regular so that they will know and ascertain the cost benefit analysis of every Segmentation practice they employ at any point in time. They should also put in place regular inspection and rectifying measures to correct marketing problems, matching their Segmentation practices with the target markets need and correct discrepancies (if any) if they must ensure sustainable success and high performance.
3. Since business environment is not static, market Segmentation practices of SMEs need to be regularly and effectively evaluated so that those that are no longer relevant are replaced with relevant ones while those that are still relevant should be given a greater attention.

Above all and In order to maximize the value of segmentation, organizations need to break away from conventional measures of the market and adopt more innovative approaches

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