MARKET SEGMENTATION AND CUSTOMER SERVICE AT ORANGE TELECOM-UGANDA

BY
KASADHA DENIS
2011/HDO6/4647U

SUPERVISOR: DR SSEJjemBA KENNEDY

A RESEARCH REPORT SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL FULFILMENT FOR THE AWARD OF A MASTER OF BUSINESS ADMINISTRATION DEGREE OF MAKERERE UNIVERSITY

DECEMBER, 2014
DECLARATION

I, KASADHA DENIS, declare that this study is my original work and has to the best of my knowledge, never been submitted for the award of a degree or any other award in a University or other institutions of higher learning.

Signature ................................................

KASADHA DENIS

Date ....................................................
APPROVAL

This is to certify that this study has been carried out under my supervision and has been submitted with my approval as partial fulfillment for the award of the master’s degree of business administration of Makerere University.

Signature…………………………………………………………

DR. SSEJJEMBA KENNEDY (Supervisor)

Date ……………………………………………………………
DEDICATION

This work is dedicated to Denis and Devinah for the inspiration they gave me to go for further studies.
ACKNOWLEDGMENT

The production of this work has been a result of many hands. In particular, I wish to thank my supervisor Dr. Ssejjemba Kennedy for his efforts he put in, to ensure that this work is completed. He read and reviewed my work and ably directed me with love and encouragement. I am indeed grateful to you.

I would like to deeply thank all my lecturers at Makerere University. These have adequately guided and equipped me with both theoretical and practical skills. Thank you so much for your dedicated and inspiring work.

I would also like to acknowledge the contribution of the course participants, from whom I enjoyed fruitful discussions on challenging topics.

Special thanks go to all respondents that I came into contact during this study. Your generosity in accepting to participate in the study is acknowledged and highly appreciated.

I wish to acknowledge the enormous assistance offered to me by the secretarial services people who typed the work. Your dedication has greatly contributed to the production of this work.

Thank you all.
ABBREVIATIONS/ACRONYMS

CVI : Content Validity Index
DV : Dependent variable
IV : Independent variable
SPSS : Statistical Package for Social Scientists
UCC : Uganda communication commission
ABSTRACT

The general objective of the study was to investigate how market segmentation can improve on customer service at orange telecom. The study was guided by three specific objectives which were to examine the bases of market segmentation at orange telecom, to examine the measurements of customer service at orange telecom and to examine the effect of market segmentation on customer service.

A cross-sectional research design was employed to collect primary data using self-administered questionnaires. Data was gathered using a structured questionnaire from 42 individual customers and 27 corporate customers of orange telecom. Interviews were also used to collect qualitative data from some of the informants especially from marketing department of orange telecom and some individual customers.

It was found out that Orange telecom has segmented its market according to population, age groups, gender, time, level of use, attitude though some respondents disagreed with the assertion that orange telecom segments its customers according to their level income and earnings. Study findings further indicate that Orange telecom has the ability to provide the promised service dependably and accurately, has willingness to help customers and provide prompt service and that most of its customer care service staff are fully trained in the area of providing world class customer care service. Study findings indicated that there is a strong positive relationship (r=0.884, p=0.000) between market segmentation and customer service.

It is concluded that market segmentation when emphasized in the service industry will result in an improvement in service delivery enabling telecommunication companies to create customer loyalty, increase their market bases and profitability.

It is recommended that orange telecom and other communication companies should make an effort to promptly and regularly attend to customers and as well charge reasonable amounts on the mobile and internet service that they offer to its customers. It was also recommended that the top management team of orange telecom should launch promotional campaigns that will make customers aware of the existence of the various market segments, the services offered in each segment and the advantages of being part of the segments.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>DECLARATION</th>
<th>APPROVAL</th>
<th>DEDICATION</th>
<th>ACKNOWLEDGMENT</th>
<th>ABBREVIATIONS/ ACRONYMS</th>
<th>ABSTRACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>ii</td>
<td>iii</td>
<td>iv</td>
<td>v</td>
<td>vi</td>
</tr>
</tbody>
</table>

## CHAPTER ONE ................................................................. 1

INTRODUCTION ........................................................................ 1

1.1 Background to the study .................................................. 1

1.2 Statement of the Problem ................................................. 2

1.3 Purpose of the study ...................................................... 3

1.4 Research Objectives ...................................................... 3

1.5 Research Questions ....................................................... 3

1.6 Scope of the study ...................................................... 3

1.7 Significance of the study .............................................. 4

1.8 Conceptual Framework .................................................. 5

1.9 Structure of the Report .................................................. 7

## CHAPTER TWO ................................................................. 8

LITERATURE REVIEW .......................................................... 8

2.0 Introduction .................................................................. 8

2.1 Market segmentation .................................................... 8

2.2 Bases of market segmentation ....................................... 9

2.3 Measurements of customer service .................................. 15

2.4 Effect of market segmentation on customer service ............. 18

## CHAPTER THREE ................................................................ 20

METHODOLOGY ...................................................................... 20

3.1 Introduction .................................................................. 20

3.2 Research Design .......................................................... 20

3.3 Study Population ......................................................... 20

3.4 Sample Design and Size ................................................ 20
LIST OF TABLES

Table 3.1: Study Population and response rate .......................................................... 21
Table 3.2: Results of reliability analysis .................................................................. 23
Table 4.1: Distribution of respondents by gender ..................................................... 26
Table 4.2: Distribution of respondents by age group .................................................. 27
Table 4.3: Distribution of respondents by type of network connected to .................. 27
Table 4.4: Distribution of respondents by period spent on the Network .................. 28
Table 4. 5: Descriptive Statistics for the bases of segmentation at orange telecom .... 29
Table 4.6: Descriptive Statistics for measurements of customer service .................. 35
Table 4.7: Correlation results for market segmentation and customer service .......... 39
CHAPTER ONE
INTRODUCTION

1.1 Background to the study

Market segmentation is a fundamentally important concept within the services industry. The customer segmentation process determines “the modus operandi” of all the functions that serve the customer. A key element for increasing market share and profitability in a fragmented market like the telecommunication industry is through the strategy of market segmentation since stiffer competition has resulted in the need for telecommunication companies to identify various options for survival. The primary objective of segmentation must be how to win and retain customers. Players in the telecom sector must concentrate on attracting new customers into their organization and most importantly efforts must be geared towards keeping such customers; market segmentation therefore offers an opportunity to do so. Unfortunately telecommunication companies have been slow in taking advantage of market segmentation though it brings some benefits to such companies. However, most companies in various industries use market segmentation in achieving customer service excellence, (Balunywa 2005).

Customer service is the process that starts rights from targeting a customer through marketing segmentation to ensuring that a customer is satisfied so as to undertake repeated purchases (Balunywa 2005). A customer service helps in many ways. Drucker (2005) the leading management scholar argues that the sole purpose of a business is not profit but to create customer and keep him/ her because it is the customer who determines what a business is. Seeking customers address the challenges of competitive customer acquisition and keeping them. Customer services further pays by developing long term relationships with good customers that
tends to remain profitable over time. To emphasize this relationship, Sviokla & Shapiro (2003) argue that keeping good customers should be as “natural to a business as breathing is to a human being.” After knowing it is good to customers, a business can be defined and even expand its market share (Cook 2002).

Orange is the key brand of France telecom, one of the world’s leading telecommunication operators. With more than 131 million customers, the orange brand covers internet, television and mobile services in most of the countries where the group operates. Orange is one of the main European operators for mobile and broadband internet services under the brand of orange and happens to be one of the world’s leaders in the provision of telecommunication services to multinational companies. Nevertheless, there has been a general public outcry and dissatisfaction of the level of customer care service delivery ranging from poor network coverage, higher charges and delayed response to customer complaints, (Mugasha 2013). It is therefore against this background that the researcher deems it worthy to find out by analyzing customer care service and market segmentation at orange telecom Uganda.

1.2 Statement of the Problem
The proliferation of mobile telephone companies in Uganda’s communication industry has resulted into fierce competition by the different telephone operators in an effort to attract and retain customer royalty. In order to counter such efforts, orange telecom has devised number of promotional marketing strategies ranging from aggressive sales tactics, telemarketing, direct mail, doorstep selling, radio advertisements, Television advertisements and sales promotions in order to achieve a competitive edge (Peng and Wang, 2006). Regardless of such efforts, the company continues to register a lot of complaints from both individual and corporate customers
for the poor quality of internet and mobile phone services offered to them. Since 2008 -2013, orange Uganda has registered a downward trend in company sales from 78% and has consistently been fluctuating between 57% to 68%, (UCC 2010). Such decline in company sales has led to the reduction in profit levels but at the same time leading to the escalation operational costs. The cause of such anomaly is not yet known hence a justification for research.

1.3 Purpose of the study
The purpose of the study was to investigate how market segmentation can improve and affect customer service at orange telecom.

1.4 Research Objectives
i. To examine the bases of market segmentation at orange telecom

ii. To examine the measurements of customer service at orange telecom

iii. To examine the effects of market segmentation on customer service.

1.5 Research Questions
i. What are the bases of market segmentation at orange telecom?

ii. How is customer service measured at orange telecom?

iii. What is the effect of market segmentation on customer service?

1.6 Scope of the study
The study was carried out among the customers of orange telecom within Kampala. The study area was selected due to complaints arising from its clients due to the poor customer care service provided to them. The study basically concentrated on the bases of market segmentation, measures of customer care in the service industry and the effect of market segmentation on customer care service at orange telecom. This was a longitudinal study which covered a period of
5 years (2008-2013) as this period had been characterized by complaints from orange telecom clients.

1.7 Significance of the study
The significance of this study to the researcher includes the depth of knowledge the researcher will acquire in the area of market segmentation in the services industry. This project also offers the researcher the platform to apply knowledge in the area of scientific research in the marketing field and other areas of academic pursuit. Among the stakeholders who can benefit from the study include the following:

The management and staff of Orange telecom will get to know of the impact of market segmentation strategy on customer satisfaction. The study will identify problems customers encounter in the various segments for management to re-strategize by developing different products and services for effective customer satisfaction. Customers who get access to findings from this study can recognize the market segments that better address their telecommunication needs in orange telecom and hence make informed choice.

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

Knowledge from the study can be used by the marketing department of other telecommunication companies in the industry as a basis of developing business strategies and specifically, market segments for their customers and to promote customer service excellence.
1.8 Conceptual Framework
To illustrate the fundamental concepts of market segmentation and customer service, there is need to understand the conceptual framework that integrates the independent and dependent variables. According to Mugenda & Mugenda (1999), an independent variable is a property of a phenomenon which influences or affects others while a dependent variable is one which is influenced by the independent variable.

In this study, customer service (dependent variable) was taken to be a function that depends on the market segmentation (the independent variable) that is the bases which in the case included Geographical Segmentation, Demographic Segmentation, Psychographic Segmentation and Behavioral Segmentation.
Figure 1.1: Conceptual Framework

Market Segmentation Bases (IV)

- Geographical Segmentation
  - Regions
  - Counties
  - Districts
  - Cities
  - Neighborhoods

- Demographic Segmentation
  - Generation
  - Age & life cycle
  - Gender
  - Income
  - Social Class

- Psychographic Segmentation
  - Attitudes
  - Values
  - Lifestyle
  - Interests

- Behavioral Segmentation
  - Occasions
  - Benefits
  - User status
  - Buyer readiness

Customer Service (DV)

- Reliability
- Responsiveness
- Empathy
- Courtesy
- Time and timeliness
- Accessibility & convenience
- Loyalty

Source: Developed from Literature Reviewed
1.9 Structure of the Report

The study is organized into five main chapters which have made contributions to service marketing research in general and market segmentation in particular. The first chapter covers the introduction and background of the study, the statement of problem, the aims and objectives of the study, the research question, scope of the study, significance of the study, limitations of the study. Chapter two is about the review of the relevant literature on market segmentation, segmentation variables and customer service quality. Chapter three elaborated on the methodology for the study. The fourth chapter of the study contains the data presentation, analysis of data and discussions on the findings of the study. Finally, chapter five of the study is about the summary of findings, conclusions and recommendations of the study.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction
This section explores literature on market segmentation and customer service in the service sector specifically by focusing on the bases of market segmentation, importance of market segmentation and measures of customer service.

2.1 Market segmentation
Market segmentation is a marketing strategy that involves dividing a broad target market into subsets of customers who have common needs, then be designed and implemented to target the specific customer segments addressing needs or desires that are believed to be common in these segments using an appropriate media, (Arens 2000).

2.1.1 Importance of market segmentation
Market segmentation enables organization to prioritize among their different market segments and ultimately helps the organization to put more emphasize on their most profitable market segments (Preece, 2002). It makes the organizational task easier because by this process companies can give more preferences on the highly profitable segments by giving the value delivery system more importance in overall the value chain management of the organization. Segmentation assists in building individual approaches for target segments therefore helps the organization to keep the customer and also to capture new markets because without specific focus customers may turned to market niche players who operates for specific segments (Jenkins and McDonald, 2006).

Market segmentation is found to be the key for serving customer needs and wants in better ways (Hansotia and Wang 2007). The highly successful computer manufacturer “Dell” segments its
market according to the customer groups like privates, small businesses, large businesses, public/state organizations. Then they make group products and that ensures high customer satisfactions as well. Because, there is no doubt in the fact that private users requires different computers than that of a large business organizations. This type of segmentation ensures that Dell’s value chain is cost effective and directly linked with customer satisfaction (Oswald and Michael, 2009).

Segmentation is helpful in making organization profitable through some changes in the value chain for different segments and charge more prices for better products or service category (Hauser & Clausing, 2008) for instance Toyota introduced Lexus the luxury car model and charge higher prices to get more profit from that as the customers of that’s segments are ready to concede more for luxurious car (Kumar et al., 2006). The case is similar in airlines industry where world pioneer airlines like KLM (Royal Dutch Airlines) has business class customers and economy classes where they provide better services to the business class people and obtain more revenues from them (Reichheld, 2006).

2.2 Bases of market segmentation
To be able to address properly the needs of the customers, the target market has to be segmented demographically, geographically, psycho-graphically and behaviorally as can be seen below.

2.2.1 Geographic segmentation
The geographic segmentation divides customers into segments based on geographical areas such as nations, states, regions, counties, cities or neighborhoods. A company can target one or more areas and must be aware of the fact that data according to geographic segmentation may vary due to population shift (Pickton and Broderick, 2005).
It is important to segment according to geographic, due to the fact that the purchasing behaviour of the customers are influenced on where they live, work etc. (Gunter and Furnham, 1992). Therefore many companies customize their products, advertising, promotion and sales efforts to fit the needs of the geographical variables (Armstrong and Kotler, 2005).

The geographic segmentation is furthermore useful when there are differences in a location where a product is marketed. The differences can be caused by cultural factors, traditions, politics etc. and furthermore the differences can be significant in one segment, whereas in other segments the differences can be minor and less significant. (Gunter and Furnham, 1992)

Furthermore as a result of an increase in the globalization today the geographic segmentation has been linked to other differences in socio-economic and demographic characteristics. The result of this type of segmentation is referred to as geo-demographics (Gunter and Furnham, 1992). The geo-demographic segmentation combines the geographic segmentation with the demographic segmentation and thereby combines the study of the target customers with where they live (Pickton and Broderick, 2005).

### 2.2.2 Demographic segmentation

The demographic segmentation divides customers into segments based on demographic values such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, social class and nationality (Armstrong & Kotler, 2005).

#### i. Age and life cycle segmentation

The consumer’s needs and wants change with age. Therefore some companies use age and life-cycle segmentation, where age and the life-cycle determine the marketing approach. Using
telephones (landline and mobile) as an example the marketers must take into consideration that although some 70-years-old use a landline telephone, e.g. due to the lack of technological knowledge, others may only use a mobile telephone. Thus, marketers using the age and life-cycle segmentation must be careful to guard against stereotypes.

Furthermore the age and life-cycle segmentation are associated with behavioural characteristics and buying patterns. An example of this is single people who have a tendency of purchasing new fashionable items due to the fact that they have no other economic obligations. This is opposed to married people, who have a large economic obligation and thereby they prioritize their economy different (Gunter and Furnham, 1992).

**ii. Gender segmentation**

Gender segmentation is used to differentiate the needs and wants between men and women due to the fact that men and women have different attitudes toward a product. The gender segmentation has long been applied in connection with clothing, hairstyling, cosmetics and magazines. Furthermore it must be taken into consideration that metro sexuality has become a common gender-factor and thus the marketers must not only define a product as being masculine or feminine (Kotler and Keller, 2009).

**iii. Income segmentation**

Income segmentation divides the market into different income groups. It is used in automobiles, clothing, cosmetics, financial services and travel. Many companies within the mentioned categories seek to target the high-income customers. Others seek to target the customers with a lower income in order to gain consumer loyalty and lessen the competitive pressures. However, companies must consider the fact that the income does not always predict the most suitable
customers for a given product due to the fact that some customers may have other preferences and prioritize their money different (Kotler and Keller, 2009).

iv. Generation segmentation
Each generation is influenced by the times in which they grow up i.e. the music, the movies, politics and other significant events characteristic of that period. Marketers therefore market to a generation by using icons and images that is relatable according to the generation (Kotler and Keller, 2009).

v. Social Class segmentation
Social class segmentation divides the customers according to their preferences in cars, clothing, home furnishings, leisure activities, reading habits and retailers. However, although the tastes of social classes changes, many companies design products for specific social classes (Kotler and Keller, 2009)

2.2.3 Psychographic segmentation
The psychological variables derive from two principal types of customer; personality profiles and lifestyle profiles (psychographics). Psychological profiles are often used as a supplement to geographic and demographics when these does not provide a sufficient view of the customer behaviour. While the traditional geographical and demographical bases (sex, age, income etc.) provide the marketer with accessibility to customer segments, the psychological variables provide additional information about these and enhance the understanding of the behaviour of present and potential target markets (Gunter and Furnham, 1992). Psychographic segmentation therefore divides people according to their attitudes, values, lifestyles, interests and opinions (Pickton and Broderick, 2005).
2.2.4 Behavioral segmentation

Behavioral segmentation is based on the customers’ attitude toward, use of, or response to a product. Many marketers believe that the behavioral variables such as occasions, benefits, user status, usage rate, buyer-readiness stage, loyalty status and attitude are the best starting points for constructing market segments and thus these variables will be described further in the following (Kotler and Keller, 2009).

i. Occasions

Occasions are when the customers are divided into segments based on the time of day, week, month and year (Kotler and Keller, 2009). People is therefore being grouped according to the time (occasions) on which they get the idea to buy, make their purchase or use the purchased item (Armstrong and Kotler, 2005). This can for example be during the time around holidays such as Christmas. A company may choose one kind of marketing strategy around Christmas and another at Valentine’s Day in February and thus being able to target as many desired target customers as possible.

ii. Benefits

Benefit segmentation divides the customers according to the different benefits they may seek from a product. Benefit segmentation seeks to find the benefits people look for in a certain product, the kinds of people who look for each benefit and the brands that deliver each benefit (Armstrong and Kotler, 2005). Furthermore the benefit segmentation identifies market segments by casual factors rather than descriptive factors such as demographics.
iii. User status

By segmenting according to non-users, ex-users, potential users, first-time users and regular users of a product a company can customize its marketing for each group (Armstrong and Kotler, 2005). Where regular users of a certain product request one kind of marketing approach, potential users may request another kind of marketing approach, and thus it is necessary to divide the customers into different segments and target them in different ways.

iv. Buyer-Readiness stage

Buyer-readiness stage refers to people’s awareness and interest of the product. Some people are unaware of the product, some are aware, some are informed, some are interested, some desire the product and some intend to buy (Kotler and Keller, 2009). The purpose is to lead the customer along so he or she will purchase the product in the end thus the company should seek to design their marketing strategy according to these factors. For example, people from the USA may have limited knowledge about a product from the UK. So in order for the product to be successful in the USA, the company should adapt their marketing strategy according to the limited knowledge an American may have.

v. Attitude

As a final variable to the behavioral segmentation is attitude toward a product. People can be divided into segments based on whether they have an enthusiastic, positive, indifferent, negative or hostile attitude toward a product. By considering the customers’ attitudes toward a brand or product the company will get a wide-ranging view of the market and its segments (Kotler and Keller, 2009).
2.3 Measurements of customer service

Customer care services can also be defined as a process that starts right from targeting customers through market segmenting to ensure that a customer is satisfied to undertake related purchase, (Balunywa, 2005). It can also be defined as the provision of service to customers before, during and after a purchase of a product or service. Customer service is the practice of providing customers with a positive, helpful experience when they enter a business, throughout the time they stay at the business, and even after the customer leaves, i.e. should they have additional questions or products to return.

Customer service is a series of activities designed to enhance the level of customer satisfaction—that is, the feeling that a product or service has met the customer expectation. Good customer service is the lifeblood of any business. Customer service is also about how an organization delivers its product or service.

Excellent customer service is the process by which an organization delivers its products or services in a way that allows the customer to access them in the most efficient, fair, cost effective, and humanly satisfying and pleasurable manner possible. Excellent customer service refers to the ability of an organization to constantly and consistently exceed the customer's expectations; this promotes customer retention and loyalty, (Balunywa, 2005).

There are a number of constructs that are used to measure effective customer service and these include responsiveness, empathy and many others as can be seen below;

i) Reliability of customer service

It is defined as ability to deliver the promised service dependably and accurately. It is about keeping promises about delivery, privacy complaint handling and others, (Eithamal et., al 1990)
argues that reliability is the most important dimension in a creative customer loyalty regardless of services setting. But strategies for keeping customer involve deliver of high value benefits. That is creating feeling about customer’s needs. These comments are consistent with the definition of value in the pricing literature as trade-off between customer perception of benefits and services (Gale 1999) customers are prepared to pay a premium price if the perceived benefits exceed the perceived costs (Mouvial 1990)

ii) Responsiveness

Responsiveness can be viewed as how well the company reacts to unusual situation which can happen frequently in the organization. Responsiveness to customers needs emerged a very important dimension in the services care and is indicated as an ongoing investment into activities which are expected to build the relationship drawing on conceptualizations of responsiveness in handling customer’s issues and organization responsiveness has been described in various ways in marketing literature. Responsible to deliver the desired services that can be able to attract customer’s attention and enduring the desire to maintain their needs, (Evans and Lindsay 1996).

iii) Empathy

Empathy covers a broad range from caring for other people and having a desire to help them to experience emotions that match another person’s emotions in knowing what the other person is feeling or thinking. Since empathy involves understanding the emotional states of other people, the way it is characterized is derivative of the way emotions themselves are characterized for example emotions are taken to be centrally characterized by body feelings and then grasping the body feelings of another will be centrally to empathy. On the other hand, if emotions are more
centrally characterized by a combination of beliefs and desires then grasping these beliefs and desires will be more essential to empathy, (Arasli, 2005).

iv) Courtesy

Cronin (1992) in his study noted courtesy refers to the ways in which customers are treated by employee as this has a direct implication on the purchasing decision of the customer, if they are treated well and are satisfied with the services that have been provided to them then there is no doubt that such a person will come and buy again and the reverse is true. Organization that have the customer in mind, it makes sure that all its staff are mindful of the customer and this can be attained through orientations and development of staff, facilities used in the provision of services and the surrounding environment. In most cases, employees must have the dedication to meet customer needs and be able to react positively to their concerns hence if such is done, this can foster and entail good customer care service.

v) Time and timeliness

Lindsay and Evans (1996) in their study noted that the time that the client takes to be served is a very important dimension of customer care service. They went further to say that prolonged periods of waiting by the customer makes them become disgusted as many of clients become impatient when they wait for a long time without being attended to. The best practice is that customers either in a service or other sectors have to be worked on with a lot of urgency as this makes it easy for them to accomplish such a task and work on other things. Even the advancement in technology where people receive goods, make transactions in microseconds had indeed done a lot to change people’s way of doing things thus it is advisable that customers’ needs are serviced with a lot of urgency if one is to retain them.
vi) Accessibility and convenience

Falk, (2010) simplified accessibility and convenience to how easy it is to obtain a service. This is a service dimension that focuses on the element of making customer aware of service to be accessible and how ease to trace them without any hindrance and this will increase their morale and attitude towards organization acts and beliefs.

vii) Tangible and intangible glues of customers services

This is a service dimension that focuses on the element of service physically. These include appearance of physical facilities, equipment personnel and communication procedures to be used in the organization when handling customer’s complaints. These are used to project an image that will favour customers (Muddle and Cottam 1999), these tangible clues will make the nature of the service more easily understood and acts as a key motivator for the customers feeling about the organization existence. The intangible clues include the services atmosphere image that surrounds them especially outside conversion of people with clue knowledge about its existence.

2.4 Effect of market segmentation on customer service

A market segment is simply a group of present or potential customers with some common characteristics that are relevant in explaining their response to suppliers’ market stimuli with the main aim of supplying them with products and services that suit their needs (Kotler, 2002). Customer satisfaction on the other hand is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business. Through market segmentation, an organization is able to focus its energies in providing goods and services that meet the needs of the identified and targeted market. This promotes the
level of customer satisfaction hence more repeat purchases and increased brand loyalty. Theoretically, successful market segmentation increases customer satisfaction.

Customer satisfaction, customer loyalty and customer retention are important intermediate goals for service providers on their way to superior economic success in the liberalized markets. As market growth slows or as the markets become more competitive, companies will more likely attempt to maintain their market share by focusing on retaining existing customers, rather than attempting to attract new customers. Speed and Smith (2002) advocate the use of segmentation as a way to improve customer satisfaction, customer loyalty and customer retention. Most academic research into segmentation in the services industry has focused on alternative approaches and base variables while little attention has been paid to implementation issues, despite management’s concerns about the practicality and usefulness of segmentation.
CHAPTER THREE

METHODOLOGY

3.1 Introduction
This section covers the description of the research methods used in the study. It specifies the research design, study population, sample design and procedure, data collection tools and data instruments, data processing and analysis.

3.2 Research Design
It was both cross-sectional and descriptive research because of the time factor and nature of the study. Both qualitative and quantitative study designs were employed.

3.3 Study Population
It covered customers (both individual and corporate) that use orange telecom Services in and around Kampala.

3.4 Sample Design and Size
Purposive sampling design was adopted and had two strata, that is; individual customers of orange telecom limited and corporate customers. The study targeted a total of 85 customers but was able to get responses from only 69 respondents. The population and sample size was determined using Krejcie & Morgan’s (1970) table of appropriate sample size for a given population in Amin (2005).
Table 3.1: Study Population and response rate

<table>
<thead>
<tr>
<th>Respondent’s</th>
<th>Targeted Number</th>
<th>Actual</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual customers</td>
<td>50</td>
<td>42</td>
<td>84</td>
</tr>
<tr>
<td>Corporate customers</td>
<td>35</td>
<td>27</td>
<td>77</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>69</td>
<td>81.1</td>
</tr>
</tbody>
</table>

Source: Primary Data

A total of 85 questionnaires were distributed but only 69 useable questionnaires were returned making a response rate of 81.1% which according to Amin, (2005) is acceptable in social research because he asserts that the minimum acceptable response rate is 40%.

3.5 Sampling technique and Procedure

The researcher used stratified random sampling technique to select the respondents (customers of orange telecom) in Kampala that took part in the study. Stratified random sampling technique is a method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members’ shared attributes or characteristics. A random sample from each stratum is taken in a number proportional to the stratum’s size when compared to the population. Stratified random sampling purposive in nature captures key population characteristics in the sample. In this research, the key population characteristics are customers of orange telecom Uganda.
3.6 Sources of Data
Both secondary and primary data sources were used. Secondary data included certified newspapers, business magazines, authentic article journals, etc. Primary data sources covered the respondents who were required to fill questionnaires and respond to key questions from the interview guide.

3.7 Data Collection Tools
Data was collected by the use of both questionnaires and interview guides. The researcher employed the use of a self-administered questionnaire that were semi-structured focusing on clients of orange telecom Uganda.

Questionnaires were standardized so it might not be possible to explain any points in the questions that participants misinterpret. Open-ended questions generate large amounts of data that might take a long time to process and analyze. The researcher limited space available to respondents so that their responses are concise. An interview guide was also used to collect data from respondents who were hesitant to fill the questionnaires.

3.8 Research variables and their measurement
The bases of market segmentation and measurement of customer service at orange Uganda were measured using a five point Likert scale including strongly disagree, disagree, not sure, agree and strongly agree.

3.8.1 Validity and reliability tests
Validity refers to the truthfulness of the findings or the extent to which the instrument is relevant in measuring what it is supposed to measure (Amin, 2005). The validity of the
instrument was tested using the Content Validity Index. This involved Judges scoring the relevance of the questions in the instruments in relation to the study variables and a consensus judgment given on each variable. The experts were required find out whether all the sub areas have been included and in the correct proportion. They made a comparison between what is to be included in the instrument given the intended purpose and what is actually included. The Content Validity Index (CVI) was then got using the formula;

\[
CVI = \frac{\text{No of Item declared valid by the judges}}{\text{Total No of items on the questionnaire}}
\]

\[
CVI = \frac{26}{29} = 0.9
\]

The overall validity index for the questionnaire was 0.9 which means that the questionnaire was a valid tool for providing answers to the research question.

3.8.2 Reliability

The questionnaire was pretested on 10 respondents, there after; Cronbach’s Alpha reliability coefficients were generated using the statistical package for social scientists (SPSS) computer program to estimate the reliability of the questionnaire.

Table 3.2: Results of reliability analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segmentation bases</td>
<td>15</td>
<td>0.93</td>
</tr>
<tr>
<td>Measurements of Customer service</td>
<td>6</td>
<td>0.86</td>
</tr>
</tbody>
</table>

Source: Primary Data
The results of the analysis in the table indicate an average Cronbach’s Alpha coefficient for the variables ranging from 0.86 of 0.93. All values were above 0.70 which implied the suitability of the items since the corresponding measures were generally reliable and considered worthy for use in further analysis (Amin, 2005).

3.9 Data Processing, analysis and presentation
The study was both quantitative and qualitative methods for data analysis. It was quantitative by structure of the questionnaire using the Likert scale and qualitative given the use of document reviews. After collecting questionnaires from the respondents, they were compiled, sorted, edited and coded to have the required quality, accuracy and completeness. The collected data was coded on a coding sheet and then analyzed using Statistical Package for Social Scientists (SPSS version 16.0). The relationship between market segmentation and customer service was analyzed using Pearson’s correlation coefficient.

3.10 Limitations of the study
As with any study, the present research has certain limitations,

First, results from a single telecommunication’s customers might raise concerns about limited generalizability, different results might have been obtained if the study had included customers of other telephone companies as well.

Sampling error: The choice of non-probability sampling technique for the study gives course for sampling error. In sampling theory, the larger the sample size, the more likely it is to approximate the true images of the population. The idea is to select a
representative sample whose means approximates the population mean. The difference between sample mean and population mean is an error, (Twumasi, 2001).

Finally as in many human situations the researcher foresaw that some unintentional human errors would not be ruled out. Notwithstanding the above problems, the researcher assures all those who would read and use this piece of work that all efforts were made to eliminate or reduce to the barest minimum the problems above to ensure that findings will be representative or near representative of customer service in the telecommunication industry. Overall, an all-inclusive methodology was employed to ensure reliability and validity of the study. The use of documented information available at the company’s website, (orange telecom), other journals and annual reports gave a general view of what the company say they practice. Secondly, the follow up investigation using primary sources served as reference points and a source of comparison to test for consistency of information provided.
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction
This chapter is a presentation of analysis and discussion of the findings of the study whose objectives were: to examine the bases of market segmentation at orange telecom, to examine the measurements of customer service at orange telecom and to examine the effects of market segmentation on customer service. The following sections present the findings beginning with the social demographic characteristics.

4.2 Background Information of the respondents
This subsection presents the demographic information of the respondents in terms of category of gender, age, marital status, type of network connected to and the period a customer has been connected to such a network as can be seen below;

Table 4.1: Distribution of respondents by gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>37</td>
<td>53.7</td>
</tr>
<tr>
<td>Female</td>
<td>32</td>
<td>46.3</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data

The findings show that 53.7% of the respondents were male while 46.3% were female. The number of female clients is almost proportional to that of females implying that orange telecom serves both male and female customers uniformly regardless of sex.
Table 4.2: Distribution of respondents by age group

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>26-35years</td>
<td>47</td>
<td>68.1</td>
</tr>
<tr>
<td>36-45years</td>
<td>22</td>
<td>31.9</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data

As indicated in Table 3, the majority of the respondents (68.1%) were in the age group of 26-45 years followed by those in 36-45 years. Since majority (68.1%) fall in the age group 26-35 years, this implies that most of orange telecom segments are comprised of the youths as the primary users of the network.

Table 4.3: Distribution of respondents by type of network connected to

<table>
<thead>
<tr>
<th>Network</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airtel</td>
<td>7</td>
<td>10.1</td>
</tr>
<tr>
<td>MTN</td>
<td>8</td>
<td>11.6</td>
</tr>
<tr>
<td>Warid</td>
<td>5</td>
<td>7.3</td>
</tr>
<tr>
<td>Orange</td>
<td>46</td>
<td>66.7</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>4.3</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data

Findings from the table above indicate that most of the respondents who were selected and interviewed for the study were from orange telecom as these constituted 66.7% though many of them indicated that they had more than one line implying that
segmentation would help the company improve its services in order to gain a competitive edge over its over telecommunication companies in the same industry.

Table 4.4: Distribution of respondents by period spent on the Network

<table>
<thead>
<tr>
<th>Period</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1year</td>
<td>18</td>
<td>26.1</td>
</tr>
<tr>
<td>2-3years</td>
<td>42</td>
<td>60.9</td>
</tr>
<tr>
<td>4years above</td>
<td>9</td>
<td>13.0</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data

A big proportion of respondents 42(60.9%) reported to having been on the network for a period between 2-3years, this was followed by those who had been connected to orange network for a period of less than one year while whose above 4years were 13%. By the mere fact that majority (60.9%) had been on the network for a period between 2-3years, this implies that these were knowledgeable enough to provide the researcher with vital information that would necessitate him to come up with the real picture which is on the ground in relation to the effect of market segmentation on sales performance.
4.3 Descriptive Statistics for bases of market segmentation

Table 4.5 presents the summary descriptive statistics for the items under bases of market segmentation as used by Orange telecom.

Table 4.5: Descriptive Statistics for the bases of segmentation at orange telecom

<table>
<thead>
<tr>
<th>Variable</th>
<th>Strongly Disagree</th>
<th>Disagree (%)</th>
<th>Uncertain (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange telecom has segmented its market according to population</td>
<td>3(4.3%)</td>
<td>6(8.7%)</td>
<td>4(5.8%)</td>
<td>10(14.5%)</td>
<td>46(66.7%)</td>
</tr>
<tr>
<td>Orange telecom has segmented its market according to location</td>
<td>0(0%)</td>
<td>16(23.2%)</td>
<td>18(26.1%)</td>
<td>29(42.0%)</td>
<td>6(8.7%)</td>
</tr>
<tr>
<td>Segmentation has enabled orange telecom to determine the marketing approach</td>
<td>4(5.8%)</td>
<td>10(26.1%)</td>
<td>1(1.4%)</td>
<td>18(26.1%)</td>
<td>36(52.2%)</td>
</tr>
<tr>
<td>Segmentation at orange telecom is used to differentiate customer needs</td>
<td>7(10.1%)</td>
<td>10(14.5%)</td>
<td>3(4.3%)</td>
<td>21(30.4%)</td>
<td>28(40.6%)</td>
</tr>
<tr>
<td>Segmentation has enabled orange telecom target high income earners</td>
<td>20(29.0%)</td>
<td>21(30.4%)</td>
<td>14(20.3%)</td>
<td>7(10.1%)</td>
<td>7(10.1%)</td>
</tr>
<tr>
<td>Low income earners at orange Uganda receive poor services</td>
<td>23(33.3%)</td>
<td>28(40.6%)</td>
<td>7(10.1%)</td>
<td>3(4.3%)</td>
<td>8(11.6%)</td>
</tr>
<tr>
<td>Segmentation has enabled orange telecom to market its services according to symbols and images</td>
<td>7(10.1%)</td>
<td>9(13%)</td>
<td>8(11.6%)</td>
<td>19(27.5%)</td>
<td>26(37.7%)</td>
</tr>
<tr>
<td>Segmentation has enabled orange telecom to understand</td>
<td>12(17.4%)</td>
<td>37(53.6%)</td>
<td>6(8.7%)</td>
<td>11(15.9%)</td>
<td>3(4.3%)</td>
</tr>
<tr>
<td>Segmentation has enabled orange telecom to understand</td>
<td>7(10.1%)</td>
<td>0(0%)</td>
<td>4(5.8%)</td>
<td>20(29.0%)</td>
<td>38(55.1%)</td>
</tr>
</tbody>
</table>
the behaviour of its present

| Orange telecom has structured its market according to time of use | 0(0%) | 0(0%) | 0(0%) | 33(47.8%) | 36(52.2) |
| Orange telecom segments its market according to the value customers attach to a service | 11(15.9%) | 0(0%) | 7(10.1%) | 14(20.3%) | 37(53.6%) |
| Orange telecom has segmented its market according to use | 10(14.5%) | 4(5.8%) | 10(14.5%) | 20(20.9%) | 25(36.2%) |
| Orange telecom has structured its market according to attitude | 6(8.7%) | 4(5.8%) | 10(14.5%) | 3(4.3%) | 46(66.7%) |

Source: Primary Data

Finding from the table above indicate that majority (81.1%) of the respondents agreed with the statement that Orange telecom has segmented its market according to population as in most cases a big population is characterized by higher purchase and consumption hence corresponding with the study findings of Pickton and Broderick (2005).

More than 50% of the respondents agreed with the assertion that Orange telecom has segmented its market according to location as this may help the company realize an increase in sales hence corresponding with the study findings of Gunter and Furnham, (1992) who noted that it is important to segment according to geographic, due to the fact that the purchasing behaviour of the customers are influenced by where they live or work.

Study findings indicate that over 70% of the respondents agreed that segmentation has enabled orange telecom to determine the marketing approach based on changes in needs among age groups implying that consumption patterns differ across age groups hence corresponding with the findings of Gunter and Furnham, (1992).
Over 70% of the respondents agreed that segmentation at orange telecom is used to differentiate the needs and wants between men and women clients implying that gender of the customer affects his/her attitude resulting into increased or decreased consumption hence corresponding with the findings of Kotler and Keller (2009) who noted that certain products like cosmetics are highly consumed by female adolescents compared to adults.

A vast majority (65.2%) of the respondents agreed that segmentation has enabled orange telecom to market its services according to symbols and images that are commonly used implying that orange telecom has been able to tailor services offered to the markets according to changes in technology hence corresponding with the findings of Kotler and Keller, (2009) who noted that companies market to a generation by using icons and images that are relatable according to the generation.

Majority (84%) of the respondents agreed that segmentation has enabled orange telecom to understand the behaviour of its present and potential target customers hence corresponding with the findings of Gunter & Furnham, (1992) who noted that psychological variables provide additional information about these and enhance the understanding of the behaviour of present and potential target markets.

Over 90% of the respondents agreed with the statement that Orange telecom has structured its market bases according time implying that there are times when network fluctuates depending on the use and concentration of the users. This affects the affected users as they may not be able communicate smoothly. Armstrong & Kotler, (2005) noted that companies in most cases group their customers according to the time (occasions) on which they get the idea to buy make their purchase or use the purchased item. This can
for example be during the time around holidays such as Christmas, a company may choose one kind of marketing strategy around Christmas and another at Valentine’s Day in February and thus being able to target as many desired target customers as possible.

Over 70% of the respondents agreed with the assertion that Orange telecom has segmented its market according benefits customers seek from a service/product. This is attributed to the fact that consumers in most cases maximize utility and due to the increased competition, customers can switch to one telephone company which has the best offer due to increased competition and this makes telecom companies to undercut the prices of their products and services offered to the general public to the benefit of the customers and orange telecom has employed this strategy hence corresponding with the findings of Armstrong and Kotler, (2005).

About 65% of the respondents agreed that Orange telecom has segmented its market according to the level of use. By segmenting according to nonusers, ex-users, potential users, first-time users and regular users of a product a company can customize its marketing for each group (Armstrong and Kotler, 2005) where regular users of a certain product request one kind of marketing approach, potential users may request another kind of marketing approach, and thus it is necessary to divide the customers into different segments and target them in different ways.

Over 90% of the respondents consented with the statement that orange telecom segments its market according to buyer’s readiness. Kotler and Keller, (2009) noted that some people are unaware of the product, some are aware, some are informed, some are interested, some desire the product and some intend to buy. The purpose is to lead the
customer along so he or she will purchase the product in the end thus the company should seek to design their marketing strategy according to these factors.

Over 70% of the respondents agreed with the assertion that Orange telecom has structured its market according to attitude. Though this may not be a very serious factor to consider, companies have been able to divide their markets into segments based on whether they have an enthusiastic, indifferent, negative or hostile attitude toward a product. By considering the customers’ attitudes toward a brand or product the company will get a wide-ranging view of the market and its segments (Kotler & Keller, 2009).

However, 59.4% of the respondents disagreed with the assertion that segmentation has enabled orange telecom target high income earners implying that the company charges a flat rate on the calls regardless of the level of earnings. Even the customer service staff does not segregate among its customers regardless of ones level of earning. Research has even indicated that in most cases, large scale consumers are charge less compared to small scale as the former are given goods on discounts and even on credit on the assumption that they will pay later, (Kotler 2009).

About 75% of the respondents disagreed with the statement that low income earners at orange Uganda receive poor quality services implying that the network facilities that are stationed in all geographical regions and customer service staff are all aimed at ensuring that customers receive the best service from the company though in most cases weather conditions of a particular may affect the network and vice versa.
Over 60% of the respondents disagreed with the statement that segmentation has enabled orange telecom divide its clients according to their preferences hence contradicting with the study findings of Kotler and Keller (2009) who in their study noted that social class segmentation divides the customers according to their preferences in cars they would like to drive, clothing, home furnishings, leisure activities, reading habits and retailers.
4.4 Descriptive Statistics for measurement of customer service

Table 4.6 presents the summary descriptive statistics for measurement of customer service as can be seen in the table below.

Table 4.6: Descriptive Statistics for measurements of customer service

<table>
<thead>
<tr>
<th>Variable</th>
<th>SD</th>
<th>D</th>
<th>NS</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange telecom has the ability to provide the promised service dependably and accurately.</td>
<td>4(5.8%)</td>
<td>11(15.9%)</td>
<td>7(10.1%)</td>
<td>37(53.6%)</td>
<td>10(14.5%)</td>
</tr>
<tr>
<td>Orange telecom has willingness to help customers and provide prompt service.</td>
<td>0(0%)</td>
<td>3(4.3%)</td>
<td>4(5.8%)</td>
<td>43(62.3%)</td>
<td>19(27.5%)</td>
</tr>
<tr>
<td>Orange telecom gives individualized attention to its customers.</td>
<td>0(0%)</td>
<td>3(4.3%)</td>
<td>4(5.8%)</td>
<td>41(59.4%)</td>
<td>21(30.4%)</td>
</tr>
<tr>
<td>Workers at orange telecom adhere to courtesy ideas when handling customer’s complaints</td>
<td>3(4.3%)</td>
<td>4(5.8%)</td>
<td>4(5.8%)</td>
<td>34(49.3%)</td>
<td>24(34.8%)</td>
</tr>
<tr>
<td>Most of orange telecom customers are aware of the services provided and can easily access without any hindrance.</td>
<td>0(0%)</td>
<td>3(4.3%)</td>
<td>3(4.3%)</td>
<td>42(60.9%)</td>
<td>21(30.4%)</td>
</tr>
<tr>
<td>Often all the staffs are trained on the Tangible and intangible glu's of customer care services at orange telecom.</td>
<td>0(0%)</td>
<td>4(5.8%)</td>
<td>7(10.1%)</td>
<td>36(52.2%)</td>
<td>22(31.9%)</td>
</tr>
</tbody>
</table>

Source: Primary Data

Study findings in the table above indicate that over 60% of the respondents agreed that Orange telecom has the ability to provide the promised service dependably and accurately implying that many of its customers have the trust since it used to provide better and reliable services before hence these findings correspond with those of Eithamal et., al
(1990) who noted that reliability is the most important dimension in a creative customer loyalty regardless or services setting. He further noted strategies for keeping customer involve deliver of high value benefits. That is creating feeling about customer’s needs. These comments are consistent with the definition of value in the pricing literature as trade-off between customer perception of benefits and services (Gale 1999) customers are prepared to pay a premium price if the perceived benefits exceed the perceived costs (Mouvial 1990).

About 75% of the respondents agreed that Orange telecom has willingness to help customers and provide prompt service implying that given the high level of competition in the telecommunication company, orange telecom is committed to the mission of retaining the customers that it has at the moment and thus endeavors to do so by ensuring that it meets the needs of its existing customers in a timely manner as it becomes too costly for the company to win new ones as compared to retaining existing ones.

A great majority of 90% of the respondents agreed that Orange telecom gives individualized attention to its customers implying that orange telecom tries had to ensure that customer complaints and needs are handled on individual basis since in most cases they are varying hence corresponding with the findings of Arasli (2006) who noted that empathy covers a broad range from caring for other people and having a desire to help them to experience emotions that match another person’s emotions in knowing what the other person is feeling or thinking. Since empathy involves understanding the emotional states of other people, the way it is characterized is derivative of the way emotions themselves are characterized for example emotions are taken to be centrally
characterized by body feelings and then grasping the body feelings of another will be centrally to empathy.

It was found out that 84% of the respondents agreed that workers at orange telecom adhere to courtesy ideas when handling customer’s complaints hence corresponding with the study findings of Falk (2010) who noted that courtesy staff and services personal grooming department devise systems and Routine and trained staff to develop empathy when handling customer’s views and attitude since it is among dimensions of customer care services.

Majority (85%) of the respondents agreed that often all the staffs are trained on the Tangible and intangible clues of customer care services at orange telecom. Muddle and Cottam (1999) noted that tangible clues like appearance of physical facilities, equipment, personnel and communication procedures followed in handling customer’s complaints make the nature of the service more easily understood and acts as a key motivator for the customers feeling about the organization existence. Studies carried out by (Bahia et al., 2000; and Dessler, 2009) indicated that through training, competencies are demonstrable characteristics of a person that enable performance, and they entail knowledge, skills, and behaviors that facilitate employees to efficiently perform.

However, about 80% of the respondents disagreed with the assertion that most of orange telecom customers are aware of the services provided and can easily access without any hindrance implying that there are times when orange telecom customers are unable to access the services like break down in network may cause such a scenario to happen thus on the centrally to the findings of Arasli (2006) who noted that making customer aware
of service to be accessible and how ease to trace them without any hindrance and this will increase their morale and attitude towards organization acts and beliefs.

Over 60% of the respondents said that in most cases, when the forward their complaints to the company, they are not promptly answered as this at times may take them something like 24 hours before receiving responses to issues affecting them and in some cases when they go to the company premises it would take them long in the cue waiting for several minutes to be served.
4.5 Effect of market segmentation on customer service

In order to find out the effect of market segmentation on customer service at orange telecom, correlation analysis for the two variables was conducted. The results are summarized in Table 4.7 below:

Table 4.7: Correlation results for market segmentation and customer service

<table>
<thead>
<tr>
<th></th>
<th>Market segmentation</th>
<th>Customer service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market segmentation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.884**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>Customer service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.884**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>69</td>
<td>69</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Results in Table 4.7 above indicate that there is a significant positive relationship between market segmentation and customer service at orange telecom Uganda. The correlation between the two variables is \((r=0.884, \ p=0.000)\). The above results suggest that improvement in market segmentation at orange telecom would result in the improvement in the level of customer service.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents a summary of the study findings, conclusions, recommendations and suggestions for further research.

5.2 Summary of the findings
This sub section presents the summary of the study findings according to study objectives as can be seen below;

5.2.1 Bases of market segmentation
It was found out that respondents that Orange telecom has segmented its market according to population, segmentation has enabled orange telecom to determine the marketing approach based on changes in needs among age groups, study findings have also indicated that segmentation at orange telecom is used to differentiate the needs and wants between men and women clients, segmentation has enabled orange telecom to market its services according to symbols and images that are commonly used, it was also found out that segmentation has enabled orange telecom to understand the behaviour of its present and potential target customers. Study findings showed that Orange telecom has structured its market bases according time, the research findings indicated that Orange telecom has segmented its market according benefits customers seek from a service/product. Study findings equally indicated that Orange telecom has segmented its market according to the level of use, it was also found out that Orange telecom has structured its market according to attitude. However, study findings indicated that orange
telecom does not segment its market with an effort to group customers according to their level income and earnings.

5.2.3 Measurements of Customer Service at Orange Uganda

Study findings showed that Orange telecom has the ability to provide the promised service dependably and accurately, it was also found out that Orange telecom has willingness to help customers and provide prompt service, study findings indicated that staffs are trained on the Tangible and intangible glues of customer care services at orange telecom. However, most of the respondents disagreed with the assertion that most of orange telecom customers are aware of the services provided and can easily access without any hindrance, in the same line, It was found out that in some cases, when customers forward their complaints to the company, they are not solved promptly.

5.2.3 Effect of Market segmentation on customer service

Field findings have indicated that segmentation bases have enabled orange telecom to reach out to more customers, it was also found out that market segmentation has led to increased customer retention in orange telecom, most of the respondents agreed with the assertion that segmentation has enabled orange telecom to deliver quality customer services, study findings also indicated that market segmentation has led to increased customer loyalty However, most of the respondents disagreed with the assertion that segmentation has led to many repeat businesses with customers as some of its customers switch to other networks.
5.3 Conclusion
The general objective of the study was to investigate how market segmentation can improve customer service at orange telecom. The specific objectives of the study were to examine the bases of market segmentation at orange telecom, to examine the measurements of customer service at orange telecom and finally to examine the effects of market segmentation on customer service. Measured on a five point Likert scale, most of the responses scored high with exception of a few areas. It is evident that from the study that market segmentation when emphasized in the service industry will result in an improvement in service delivery enabling telecommunication companies to create customer loyalty, increase their market bases and profitability.

This research demonstrates that businesses operating in an intensely price based competitive environment, dependent on high economies of scale and with low levels of staff-customer interaction are bound to suffer shocks in their market positions and profitability unless huge investments are made in more relational strategies like building trust, commitment, communication and satisfaction.

5.4 Recommendations
The purpose of this study was to develop a body of knowledge that would add to the existing literature on service marketing in the specific strategy of market segmentation. The findings of the study have several managerial implications since the findings can assist in future managerial decisions or policy on market segmentation especially in the telecommunication industry. In light of the above conclusion, the researcher recommends the following for effective implementation of the strategy of market segmentation.
• First and foremost, the main weaknesses of the various segments of orange telecom have been identified as delay in attending to customer’s complaints and high charges on internet and calls. It is recommended that orange telecom and other communication companies should make an effort to promptly and regularly attend to customers and as well charge reasonable amounts on the mobile and internet service that they offer to its customers. This will enhance the institution's competitive advantage.

• Secondly, the top management team of orange telecommunication should launch promotional campaigns that will make customers aware of the existence of the various market segments, the services offered in each segment and the advantages of being part of the segments. This campaign can help bring new customers from other mobile phone companies and would discourage dissatisfied customers from switching to other providers.

• Furthermore, in this era of stiff competition in the Ugandan telecommunication industry as a result of liberalization, the experts responsible for market segmentation and customer service must undergo training to be abreast with current trends in service marketing and the use of customer database with the aid of technology in order to develop very good segmentation variables that can help achieve customer satisfaction and competitive advantage.

• Rapid improvements in information technology allow telecom companies and their frontline staff to track customer characteristics more easily and respond with appropriate marketing offers. Businesses are no longer restricted to marketing at segment level, but can now tailor offers to individual customers. Mobile Telecom
companies in Uganda can also benefit from new information technologies to develop an image of each customer behaviour and responding with the marketing offer that correlates with the consumers preference.

- Viral marketing campaigns require a significant level of management that is, messages with inbuilt incentives such as coupons become too successful by spreading beyond the anticipated pool of consumers. Also, by continuing long after the incentive or competition has ended, or in cases where consumers demand exceeds the anticipated supply of the new products that a viral campaign might be promoting. Also exercising control of the campaign by managers is very important. It should be noted that there are potential instances where managers have not exercised control of the campaign due to lack of appropriate metrics and analytical models.

5.5. Areas for Further Research
The study considered only one mobile telephone company yet there are a multiplicity of them offering the same service hence limiting the scope of the study therefore there is a need to carry out another study but this time considering all the other telecommunication companies and comparing their marketing strategies and its effect on customer service.
REFERENCES


Gale, K. (2011). Customer satisfaction and delight in the microfinance, Bankers issue 1


Mouvil (2010) *Customer services marketing and competitive environment*.

Mugasha W (2013). A proliferation of mobile telephone companies and their level of customer service in the Ugandan market.


Uganda communications Commission (2010), an investigation into the performance of the major telecommunication companies operating in Uganda, P&L annual Audits.
APPENDIX I

QUESTIONNAIRE FOR ORANGE TELECOM CUSTOMERS

Makerere University, Kampala

Dear respondent, I am a master’s student at Makerere University and in the process of conducting research on the topic “Market segmentation and customer service” I believe you have a wide knowledge on the topic being investigated. You have therefore been selected as one of the respondents for this study and the information you provide will only be used for academic purposes. The researcher promises to ensure maximum confidentiality of the data provided. I request you to give your opinion as accurately as possible.

Yours sincerely,

Kasadha Denis
Section A: Background information of the respondents

To each of the following items, indicate your response by ticking a number that best represents your response.

1. Gender:
   - Male
   - Female

2. Age (years):
   - 19 – 30 years
   - 31 – 40 years
   - 41 – 50 years
   - 50 years Plus

3. Marital Status:
   - Married
   - Single/Never married
   - Divorced
   - Widowed

4. What telecommunication company are you connected to?
   - MTN
   - ZainWarid
   - Orange
   - Others (specify)…

5. For how long have you used Orange telecom services?
   - <1 year
   - 2-3 years
   - over 4 years

SECTION B

Kindly rate the following statements in this section using the scale given below; Strongly Disagree (SD) = 1, Disagree (D) = 2 (A), Not Sure (NS) = 3, Agree (A) = 4, Strongly Agree (SA) = 5. Tick where appropriate.

<table>
<thead>
<tr>
<th>Item</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Bases of segmentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographic segmentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Orange telecom has segmented its market according to population in the area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Orange telecom has segmented its market according to location/residences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demographic segmentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Age and life-cycle segmentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Segmentation has enabled Orange telecom to determine the marketing approach based on changes in needs among age groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Segmentation has enabled Orange telecom to understand behavioural</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
characteristics and buying patterns of its clients

<table>
<thead>
<tr>
<th>b) Gender segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Segmentation at orange telecom is used to differentiate the needs and wants between men and women clients.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c) Income segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Segmentation has enabled orange telecom target high income earners</td>
</tr>
<tr>
<td>ii) Low income earners at orange Uganda receive poor quality services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>d) Generation segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Segmentation has enabled orange telecom to market its services according to symbols and images that are commonly used.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>e) Social class segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Segmentation has enabled orange telecom divide its clients according to their preferences.</td>
</tr>
</tbody>
</table>

**Psychographic segmentation**

| i) Segmentation has enabled orange telecom to understand the behaviour of its present and potential target customers. |

**Behavioral segmentation**

<table>
<thead>
<tr>
<th>a) Occasions</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Orange telecom has structured its market according to time of use</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b) Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Orange telecom has segmented its market according to the value customers attach to the product/service.</td>
</tr>
<tr>
<td>ii) Orange network fluctuates during off peak hours</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c) User status</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Orange telecom has segmented its market according to the level of use</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>d) Buyer-Readiness stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Orange telecom has segmented its market according to buyers’ need</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>e) Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Orange telecom has structured its market according to attitude</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B) Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Orange telecom has the ability to perform the promised service dependably and accurately.</td>
</tr>
<tr>
<td>ii) Orange telecom has willingness to help customers and provide prompt service.</td>
</tr>
<tr>
<td>iii) Orange telecom gives individualized attention to its customers.</td>
</tr>
<tr>
<td>iv) Workers at orange telecom adhere to courtesy ideas when handling customer’s complaints</td>
</tr>
<tr>
<td>v) Customer care staff at orange telecom ensure a faster and timely response to customers’ needs and complaints.</td>
</tr>
<tr>
<td>vi) Most of orange telecom customers are aware of the services</td>
</tr>
</tbody>
</table>
vii) Often all the staffs are trained on the Tangible and intangible glues of customer care services at orange telecom.

C) **Effect of market segmentation on customer service**

i) Segmentation has enabled orange telecom to reach out to more customers

ii) Market segmentation has led to increased customer retention in orange telecom

iii) Segmentation has led to many repeat businesses with customers

iv) Segmentation has enabled orange telecom to deliver quality customer services

v) Market segmentation has led to increased customer loyalty

vi) Market segmentation has led to increased customer acquisition by orange telecom