

FACTORS INFLUENCING MARKET SEGMENTATION IN THE HOTEL
INDUSTRY; (THE CASE OF SELECTED HOTELS)

By

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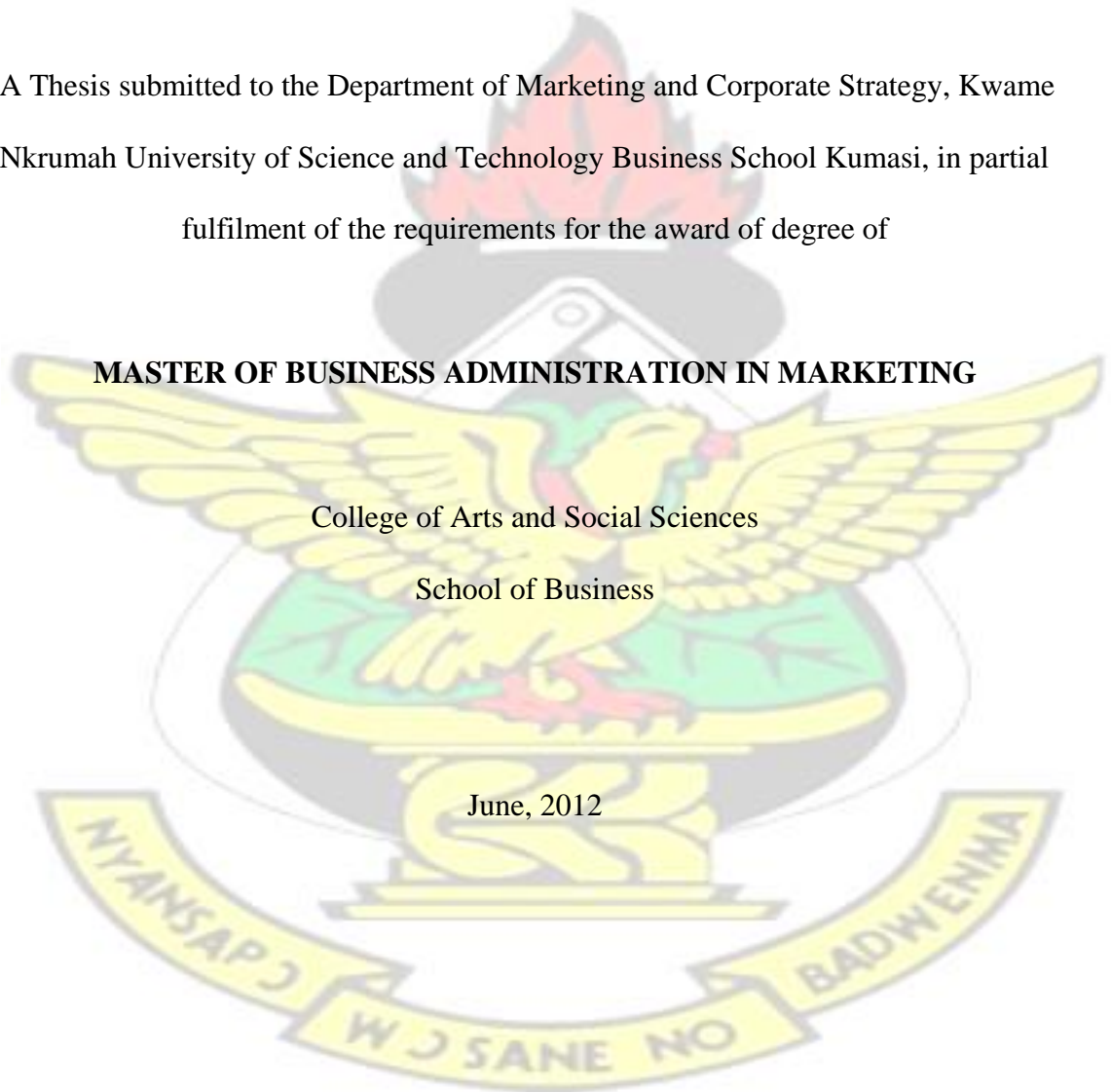
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DECLARATION

I hereby declare that this submission is my own work towards the Master of Business Administration in Marketing degree and that to the best of my knowledge, it contains no material previously published by any other person or the material therein has ever been accepted for the award of a degree of this or any other university, except where due acknowledgement has been made in the text.

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ABSTRACT

Market segmentation has been widely employed to give hoteliers understanding, identify attractive target segments and develop a marketing offer customised to needs of clients. The study examines factors influencing market segmentation of the hotel industry in the Tamale Metropolis. Issues considered in the study are to; identify the criteria used by hotels in segmenting their markets; examine the relevant market segmentation variables in the hotel industry; determine the effects of the criteria identified on the performance of hotels; and establish the relevant consumer characteristics necessary for market segmentation of the hotel industry. The study uses descriptive survey as research design with purposive and accidental sampling techniques to select the respondents for the study. Questionnaire was used as research instrument. The data gathered was analysed using descriptive statistics whereby results were presented in tables, bar charts and pie charts. It was revealed that besides the use of market measurability as criterion, market segmentation was based on the market and not products or types of services rendered by hotels. The study revealed that the demographic and psychographic factors featured more prominently as variables for market segmentation than behavioural and geographic factors. It concludes that market segmentation enhances performance of hotels in the Tamale Metropolis. The study recommends that market segmentation as a marketing strategy is taken seriously by hotels since it promotes quality service delivery and competition among hotels.

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for his sustenance and mercies during this time.

KNUST



DEDICATION

With fondest thoughts to my Mum Alhassan Mariam and my son Alhassan Fatawu

Alhassan Sungsuma Bagmara for your time, sacrifice, and endless love.

KNUST



TABLE OF CONTENTS

DECLARATION.....	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENTS.....	iv
DEDICATION.....	v
TABLE OF CONTENTS.....	vi
LIST OF TABLES.....	x
LIST OF FIGURES.....	xi
LIST OF ABBREVIATIONS.....	xii

CHAPTER ONE:INTRODUCTION

1.1 Background of the Study.....	1
1.2 Statement of the Problem:.....	2
1.3 Objectives of the Study.....	3
1.4 Research Questions.....	4
1.5 Significance of the Study.....	4
1.6 Scope of the Study.....	6
1.7Limitation.....	6
1.8Organisation of the Study.....	6

CHAPTER TWO:LITERATURE REVIEW

2.0 Introduction:.....	8
2.1 Overview into the Dynamics of Market Segmentation:.....	8
2.2 Definition of Market Segmentation.....	10

2.3 Approaches to segmenting markets.....	11
2.4 Criteria for effective Segmentation.....	12
2.5 Basis for Market Segmentation in the Hospitality Industry:.....	15
2.5.1 Demographic Segmentation.....	16
2.5.2 Age and life-cycle segmentation.....	17
2.5.3 Gender segmentation.....	17
2.5.4 Income segmentation.....	18
2.5.5 Generation segmentation.....	18
2.5.6 Social Class segmentation.....	19
2.5.7. Psychographic Segmentation.....	19
2.5.8 Geographic Segmentation.....	20
2.5.9 Usage and Benefit Segmentation:.....	22
2.5.10 Behavioural segmentation.....	23
2.6. Market segmentation; some limitations.....	26
2.6.1 Overview of the Accommodation Sector.....	26
2.6.2 Global trends in the Hospitality industry.....	27
2.6.3 Socio-Cultural Trends.....	28
2.6.4 Lifestyle trends.....	28
2.6.5 Marketing trends.....	29
2.6.6 Trends pertaining to new products and ideas.....	30
2.7. Definition of hotel.....	30
2.8. Hotel Classification.....	31
2.9. Conceptual Framework.....	34
CHAPTER THREE: METHODOLOGY	
3.0 Introduction.....	37

3.1 Research Design.....	37
3.1.1 Study population and sample size.....	38
3.1.2 Sampling Method and Procedure.....	38
3.1.3 The research instrument.....	39
3.1.4 Procedure for Data Collection.....	40
3.1.5 Variables of Description.....	41
3.1.6 Methods of Preparing and Analysing Data.....	42
3.2 Ethical Considerations.....	43
3.3 Profile, Location and Size of Hotels.....	44
3.3.1 Picorna hotel (2star).....	44
3.3.2 Radach Hotel (2star).....	45
3.3.3 Las hotel (1star).....	46
3.3.4 Gariba Lodge (1star).....	46
 CHAPTER FOUR:PRESENTATION AND ANALYSIS OF FINDINGS	
4.1 Introduction.....	48
4.2 Market Segmentation Variables.....	51
4.3 Effects of Market Segmentation Criteria on Hotels Performance.....	55
4.4 Consumer Characteristics for Market Segmentation.....	59
 CHAPTER FIVE:CONCLUTIONS AND RECOMMENDATIONS	
5.1 Introduction.....	74
5.2 Overview of the Study.....	74
5.3 Summary of Major Findings.....	75

5.4 Conclusion.....	77
REFERENCE.....	80
APPENDICES.....	86
APPENDIX A: QUESTIONNAIRE ON HOTEL CLIENTS.....	86
APPENDIX B: QUESTIONNAIRE ON HOTEL STAFF.....	91



LIST OF TABLES

Table 4.1: Responses on segmentation strategy.....	49
Table 4.2: Market and products as factors of market segmentation.....	50
Figure 4.3 factors used by hotel in segmentation.....	53
Table 4.4: Variables relating to hotel segmentation criteria.....	54
Table 4.5: Market segmentation and competition.....	57
Table 4.6 Market segmentation and provision of wider services to customers.....	58
Table 4.7: Personal data of Respondents (120 persons).....	61
Table 4.8: Gender of respondents.....	62
Table 4.9.cultural variables that influence hotel choice.....	65
Table 4.10 Psychographic variable.....	68
Table 4.11 Sources of media used.....	70
Table 4.12: Travel components and facilities used.....	72
Table 4.13 Continues on Facilities Used.....	72

LIST OF FIGURES

Figure 2.1: Conceptual framework of the study.....	36
Figure 4.1: Most Favoured Criteria for market segmentation.....	52
Figure 4.2 factors used by hotel in segmentation.....	53
Figure 4.3: Effects of market segmentation on revenue of hotels.....	56
Figure 4:4 Market segmentation and improvement of hotel performances.....	59
Figure 4.5: Continent of respondents.....	63
Figure 4.6: Customers by Religion.....	64
Figure 4.7: Influence of locations on choice of hotel.....	66
Figure 4.8: Usage situation of the hotel.....	71

LIST OF ABBREVIATIONS

The terms bellow are used regularly in this thesis and for the purpose of this study the following shall apply.

USA	-	United States of America
WTTC	-	World Travel and Tourism Council
ISSER	-	Institute of Statistical Social and Economic Research
GRI	-	Ghana Review International
TM	-	Tamale Metropolis
SHR	-	Starwood Hotels & Resorts, Annual Report
GTA	-	Ghana Tourist Authority
HAG	-	Hotel Association of Ghana
RI	-	Regent International
SPSS	-	Statistical Product for Social Solutions



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The hospitality industry is one of the oldest industries in the world. The first explorers, traders, missionaries needed lodging, food and break from their travels, People open up their homes and their kitchens to tired travellers and industry was born. Hospitality industry offers travellers home away from home (WTTC, 2010). According to Ghosh (2006), the term hospitality industry refers to any group that is engage in tourism, entertainment, transportation, rental companies and tour operators. It implies friendly reception and warm greetings (Walker, 2007). Hospitality is an industry made up of travellers (Abbort and Lewry, 2008). It is also an industry made up of businesses that provide lodging, food and other services to travellers, the main components are hotels, motels, inns, resorts and restaurants. In the hospitality businesses, the friendly reception and treatment of strangers is paramount to success (Jones and Lockwood 2002). The hospitality industry is both national and international in nature and in terms of accommodation it ranges from luxury to budget hotels, from city centre business properties to tourism resorts and from motels to health spas, In the wider sense, time-share, caravanning and camping should be considered a part of the industry (Ghosh, 2006).

Hospitality and Tourism is reckoned to be the world's largest industry and has become one of the fastest growing sectors of the global economy, generating about U.S \$3.4 trillion in gross annual output (World Travel and Tourism Council Report, 2010). It is expected to attract US \$1,241 billion or 9.2% in capital investment. Predictions are that world tourism could grow up to 4.5% per annum by the turn of the 29th century (WTTC, 1993:3, Ritchie and Hawkins, 1991:74).

Among some African countries, Ghana inclusive, the hospitality and tourism industry has suddenly moved from the side-lines to the Centre stage of socioeconomic strategies. Currently, Ghana ranks 14th on the list of most visited tourism destinations in Africa (ISSER, 2009). It is therefore not surprising that tourism, young as it may be in Ghana, has shown the potential of being an economic leader.

Middleton and Clarke (2008) augured that accommodation is one of the five integral components of the travel and tourism product including transport, attractions and other facilities, such as catering and entertainments. The relevance of hotel units in tourism cannot be over-estimated. Accommodation (hotels) takes 31% of tourists' expenditure-averaging US \$1million per trip (Ghana Review International, 1998).

Any organisation, whether public or private, profit or non-profit, has to understand the makeup of its markets in order to provide products and services which meet clients' needs and wants. To this end, the concept of market segmentation was therefore introduced in the hotel sector to provide greater understanding of customer so as to meeting their needs. This strategy tends to have a trinity aim: for hotels to increase sales volume; to achieve high market share; and to properly meet the needs and wants of its target markets. According to Kotler et al (1996) all hospitality establishments around the world have recognized that they cannot appeal to all buyers in those markets, or at least, not to all buyers in the same way, hence, the essence of market segmentation.

1.2 Statement of the Problem:

Management decision quality depends on the ability to understand the functioning of the market served, with the strongly interrelated strategic marketing issues of competition and market segmentation representing crucial issues of market knowledge.

However, in a competitive marketplace, market segmentation is the key to success. The concept of market segmentation can be implemented best, when there is a sound basis of knowledge about the target group (Dolnicar, 2002). Basic to this knowledge depends on statistical information of consumers in terms of (a) demographics (b) psychographics (c) geographic and (d) socio-cultural variables.

In an era of increasing sophistication of customers' demand when hotel facilities, such as room, restaurant, bar, nightclub or health club are no longer considered a luxury, hoteliers go to great lengths to provide unique benefits to customers and turn to different strategies, amongst which market segmentation forms one of the most important marketing strategies in hotel management. In this context, there have been very few studies on the factors that influence market segmentation in the Ghanaian hotel industry in general and Tamale Metropolis in particular; hence this study will fill the gap in the existing literature by identifying factors that are relevant to market segmentation in the hotel industry in Tamale Metropolis.

1.3 Objectives of the Study

The tourism industry is made up of wide range of accommodation facilities, ranging from hotels, motels, quest houses and family homes. The customers in the industry have to select from the various brands and forms of accommodation available in the country. These customers themselves have divergent range of needs and wants in their quest for accommodation. This study is therefore concerned with how these divergent customers are identified and satisfied by hotels in Tamale Metropolis.

Specifically, the study will try to;

□

- Examine the relevant market segmentation variables in the hotel industry in the Tamale Metropolis.
- Identify the criteria used by hotels in Tamale metropolis in segmenting their markets.
- Determine the effect(s) of the criteria identified on the performance of hotels in Tamale metropolis.
- Establish the relevant consumer characteristics necessary for segmentation of hotels in Tamale metropolis for competitive advantage.

1.4 Research Questions

The research seeks to find out answers to the following questions;

- What variables are important in segmenting hotels in the Tamale Metropolis?
- What criteria do hotels in Tamale Metropolis use in segmenting their markets?
- How does the segmentation criteria affect the performance of hotels in the Tamale Metropolis?
- What are the relevant consumer characteristics necessary for segmentation of hotels in Tamale metropolis for competitive advantage?

1.5 Significance of the Study

An investigation into the factors influencing market segmentation in the hotel industry is significant in view of the enormous benefits the stake-holders such as government agencies, the hotel industry and tourists will derive from its outcome.

In the first place, the study will help identify the criteria used in segmenting the market of the hotel in the study area. Through this, potential investors in the hotel industry would be informed on the types of markets that are available in the hotel industry so as to identify a specific market that is worth investing into. This would not only help investors to maximise the returns in the end but would also help to develop the industry to generate employment opportunities for many Ghanaians.

However, Very little is also known of any study conducted on factors influencing market segmentation of the hotel industry in the Tamale Metropolis. This study is therefore significant on the backdrop that it will fill the existing gap of knowledge in this regard. The study will therefore be relevant to institutions such as the Ghana Tourist Authority as reference document for individuals and bodies interested in establishing hotels in the Tamale Metropolis, as it will guide them in their choice of market.

In the addition, this study will unearth detail information on the criteria used by hotels in segmenting their markets and the effect(s) of the criteria identified on the performance of hotels in Tamale metropolis. These findings will therefore help hoteliers in Ghana and the Tamale Metropolis in particular to develop standard criteria for the segmentation of hotels so as to encourage these actors to improve on their service delivery and levels of competitiveness which will result in customer satisfaction and possible profitability of the hotels.

More importantly, the study has the potential of discovering other areas which need further exploration by interested researchers. Owing to this, students, researchers and research organisations can benefit substantially from the recommendations of the

findings of this study as it will provide a basis for future research in the area of market segmentation.

1.6 Scope of the Study

The study was mainly on the factors influencing market segmentation among the hotel industry in the Tamale Metropolis. The study did not consider market segmentation in relation to tourism, restaurants, the transport sector and other players within the hospitality industry. This study was also carried out among four selected hotels in the Tamale Metropolis and these include Picorna Hotel, Radach Hotel, Las Hotel and Gariba Hotel.

1.7 Limitation

Academic work of this magnitude could not be carried out without challenges, hence a number of factors militated the study in various ways.

The duration of the study was a short one. It was started and completed within three months in order to meet a deadline. As a result anything that would waste more time has been left out even if it could further enrich the thesis.

In addition, some of the Customers were not literate. This made it difficult to use a self-administered questionnaire.

1.8 Organisation of the Study.

This study was organised into five (5) chapters. Chapter one presents the introduction, the background to the study, statement of the research problem, objective of the study and significance of the study.

Chapter Two presents the review of related literature which consist of the introduction; overview into the dynamics of market segmentation; process of market segmentation,

criteria for effective segmentation; basis for market segmentation in the hospitality industry; usage and benefit of segmentation and finally the chapter summary.

Chapter three discusses the methodology which consists of the introduction, the study population, sampling procedures and sources of data, questionnaire administration and structure, procedure for data analysis and interpretation and problems encountered.

Chapter Four presents the data analysis and interpretation and finally chapter five presents the introduction, results, findings, conclusions and recommendations based on the findings.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction:

This chapter presents the review of the related literature to the area of study. The issues presented in this chapter include the introduction, overview into the dynamics of market segmentation and process of market segmentation. Further in this section include criteria for effective segmentation, basis for market segmentation in the hospitality industry and the chapter summary.

2.1 Overview into the Dynamics of Market Segmentation:

Market segmentation is a very important concept in marketing. According to Myers (1996), one of the most important strategic concepts contributed by the marketing discipline to business firms and other types of organisations is that of market segmentation. There is a widespread agreement that market segmentation form an important foundation for successful marketing strategies and activities (Hooley and Saunders, 1993).

The purpose of market segmentation is to leverage scarce resources. In other words, to ensure that the elements of the marketing mix, price, distribution, products and promotion, are designed to meet particular needs of different customer groups (Myers, 1996). Since companies have finite resources, it is not possible to produce all possible products for all the people all of the time. The best that can be aimed for is to provide selected offerings for selected groups of people, most of the time. This process allows organisations to focus on specific customers' needs in the most efficient and effective way (Myers, 1996). Consumers vary as to their needs, wants and preferences for products and services and successful marketers must adapt their marketing

programmes to fulfil these preference patterns Lewis and Chambers, (1999). Market thus has special characteristics which are significant to marketing strategy and therefore making marketing segmentation necessary. Market segments consist of group of customers who share a similar set of needs and wants Kotler and Keller (2006). It is also subgroup of people or organisation sharing one or more characteristics that cause them to have similar product needs. Segmentation is used when the difference between consumers are seen to be substantial enough. To effectively market a product, customers are put into groups, Pickton and Broderick (2005). According to Etzel et al (2001), the central focus of the concept of market segmentation is based on the issue of identifying and clustering heterogeneous consumers into a group of ones or more meaningful, viable and accessible homogeneous consumers. This view was further reinforced by Teare et al, (1994) who intimated that once a cluster of homogenous consumers is appropriately determined, it will be easy to meet the specific needs of the target market and to modify marketing plans, communication messages and pricing policies to suit them. The definition above attest to the fact that if the sub group does not have similar characteristics features then we can say that it is not a segment. Segmentation is most often applied to markets; equally it could relevant to distribution channels and customer. However, similar principles of how to segment apply to all three.

Several works have devoted attention into the dynamics of market segmentation; some anecdotal and some from the results of empirical inquiry. Contributing to the literature on market segmentation, Morrison (1992) and Middleton (2008) have a common view that it is one of the strategies in tourism marketing. O'leavy and Morrison (1992) describe market segmentation as a management strategy based upon assumptions about the behaviour of population sub-groups. Markets as they consist of buyers differ in one

or more ways. They may differ in their wants, resources, locations, buying attitudes and buying practices. Kotler et al (2002) argue that it is within this environment that marketers are moving away from broad mass marketing to a more targeted approach. Pickton and Broderick (2005) added that segmentation is a much more important tool for services market than for the goods market.

Middleton (2008) and Bearden et al (2004) expressed that the more an organisation knows about its customers and prospective customers-their needs and desires, their attitude and behaviour-the better it will be able to design and implement the marketing efforts required to stimulate their purchasing decisions. Cannon (2003) also argues that the aim of market segmentation is to meet the needs of subgroups, protect the firm's offerings from competition on price, and improve the customer loyalty and company returns.

2.2 Definition of Market Segmentation

There are various definitions on the concept of market segmentation. According to Feoff et al (2002), market segmentation is the process of breaking down the total market for a product or service into distinct sub-groups or segments, where each may conceivably represent a distinct target market to be reached with a distinctive marketing mix. Rosscraig (2007) also reaffirms that Market segmentation as the division of a market into different groups of customers with distinctly similar needs and product/service requirements. In another way, market segmentation is the division of a mass market into identifiable and distinct groups or segments, each of which have common characteristics and needs and display similar responses to marketing actions. Peter and Olson (2008) define market segmentation as the process of dividing a market into groups of similar consumers and selecting the appropriate group(s) and individuals

for the firm to serve. Schiffman and Kanuk (2009) agree with Lancaster and Reynolds by defining market segmentation as 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. Hsieh, O'leavy and Morrison (1992), Middleton and Clarke (2008) and Teare et al (1994) have enriched the field of tourism marketing as market segmentation has been identified as a purposeful marketing strategy. It is obvious to say that there are homogeneous groups of consumers who go through a stream of identical decisions before making a choice among the myriad of hotel accommodation. It is therefore relevant for hospitality marketers to find out the series of identical decisions that their consumers go through when making choices of accommodation and based on that a useful segment may be constructed. This study therefore aims to find out the characteristics of consumers or consumers' personality traits that influence their choice of hotel. For the purpose of these study market segmentation can be define as the process of dividing the hotel clients in to distinct subsets of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix.

2.3 Approaches to segmenting markets

According to Dolnicar (2002), there are two main approaches to segmenting markets, The first adopts the view that the market is considered to consist of customers which are essentially the same, so the task is to identify groups which share particular differences. This is referred to as the breakdown method. The second approach considers a market to consist of customers that are all different. This is known as the build-up method. The breakdown approach is perhaps the most established, well recognised and main method used for segmenting consumer markets. The build-up

approach seeks to move from the individual level where all customers are different, to a more general level of analysis based on the identification of similarities (Freytag and Clarke, 2001).

The build-up method is customer oriented as it seeks to determine common customer needs. The aim of both methods is to identify segments in the market where identifiable differences exist between segments (segment heterogeneity) and similarities exist between members within each segment (member homogeneity).

2.4 Criteria for effective Segmentation

Market segmentation aims to divide markets comprised of individuals into groups whose characteristics are relatively homogeneous within each set or segment and heterogeneous between segments, based on an identified set of variables (Kara and Kaynak, 1997) as cited by Fuller et al (2005). Marketing academics and practitioners have adopted the concept of market segmentation enthusiastically. The benefits have been seen to include an ability to gain a fuller understanding of a particular market, improved techniques to predict consumer behaviour, and an improved ability to identify and exploit new market opportunities for commercial benefit (Heok, Gendall and Esslemont, 1996).

A capacity to divide markets into distinct groups of buyers, or prospective buyers, who respond differently to changes in marketing mix variables, is likely to prove particularly beneficial to those attempting to influence consumer demand for a particular product or service (Kotler and Clarke, 2009). There is no limit to the number of ways a particular market may be segmented in particular circumstance, but as a rule of thumb, a useful segment must satisfy certain critical criteria. A useful segment

according to Kotler and Clarke (2009) Caroline et al (1998), and Bearden et al (1995), must be accessible, measurable, substantial (sizeable), durable and actionable.

Further enforced by Kotler et al (2001), segmentation effectiveness depends on arriving at segments which are measurable, accessible, substantial, actionable and differentiable. Kotler et al. (2001), refers to a measurable segment as one where the size of the segment and the related purchasing power can be quantified. According to Kotler and Clarke (2009) and Bearden et al (1995), measurability reflects the degree to which the size and purchasing power of segments can be assessed. Measurability is enhanced if segments are defined by concrete variables enabling easily actionable data. It is also useful to define the boundaries of the segments and show the degree of homogeneity of the segments.

For a segment to be accessible, it must be able to be reached and served effectively by the marketing entity. According to Adcock et al (1998), accessibility is described as the degree to which a firm can reach intended target segment efficiently; that is the selected target market segments must be reachable with unique marketing communications and distribution channel. This view expressed will influence the present study not only to select attractive segment but more importantly choose segments which can be easily reached by marketing mix programmes.

Kotler et al (2001) emphasise that the segment must be substantial in that it is large and profitable enough to warrant the marketing entity to design marketing mix strategies that are differentiated from strategies that target other segments. Substantiality refers to the degree to which identified target segments are large enough or have sufficient sales and profit potential to warrant unique or separate marketing

programmes (Bearden et al, 2004). A substantial segment should be the largest possible homogeneous group economically viable to support a tailored marketing programme.

The segment must also be actionable in that the marketing entity can design effective marketing strategies to attract and serve the segment and for the segments to be differentiable, they must respond differently to different marketing stimuli. Actionability, according to Adcock et al (1998), refers to the degree to which effective programmes can be designed for attracting and serving segments. Therefore, segments selected must be reached and be acted upon.

Also, according to Schiffman and Kanuk (2009), marketers prefer to target consumer segments that are relatively stable interims of demographic and psychographic factors and are likely to grow larger overtime. Morrison (1992) intimates that durability has to do with stability of segments – that is whether distinctions between segments will diminish as the product category or the market matures. This therefore reinforces relevance of the current study to identify segments that offer reasonably enduring business opportunities.

The foregoing forms the fundamental criteria for identifying and selecting a useful segment. In this light, the criteria established by Kotler and Clarke (2009), Schiffman and Kanuk (2009), Morrison (1992), Adcock et al (1992) and Bearden et al (1995) represent a sound and useful criteria for the determination of a viable and an attractive segment to target.

Hoek, Gendall and Esslemont (1996) have argued that at an intuitive level, market segmentation appears worthwhile in terms of increasing sales and revenue. Radelius et al (2004) argue that marketing managers should develop a segment for a market that meet five criteria: first, Potential for increased profit. The segmentation approach is the one that maximises the opportunity for future profit and return on investment.

Secondly, there is similarity of needs of potential buyers within a segment. Potential buyers within a segment should be similar in terms of a marketing activity, such as product features sought or advertising media used.

Thirdly, difference of needs of buyers among segment exist, if the needs of various segments are not very different, combine them with fewer segments. A different segment usually requires a different marketing action that in return, means greater cost if increased sales does not offset extra cost, combine segment and reduce the number of marketing actions.

Fourthly, Potential of a marketing action to reach a segment, reaching a segment requires simple but effective marketing action. If no such action exists do not segment.

Finally, Simplicity and cost of assigning potential buyers to segments, a marketing manager must be able to put a market segmentation plan into effect. This means being able to recognize the characteristics of potential buyers and then assigning them to a segment without encountering excessive cost. Webster (2008) describes segmentation variables as “customer characteristics that relate to some important difference in customer response to marketing effort, he recommends the following three criteria of measurability, sustainability and operational relevance to marketing strategy.

2.5 Basis for Market Segmentation in the Hospitality Industry

The hospitality industry generally and the hotel sector specifically is confronted with myriad of segmentation variables through which they can segment their market.

According to Morrison et al, (1998), there is no single solution for determining the relevant dimensions for segmenting the hospitality market. Generally, potential customers can be segmented by geographic, demographics, behaviouristic, usage and

benefit segmentation variables. More so, Middleton and Clarke (2008) proposed seven ways of dividing up market for segmentation in the travel and tourism industry. According to them, the main methods of segmentation are by (1) Purpose of travel (2) Needs, motivations, and benefits sought (3) Buyers behaviour /characteristics of product usage (4) Demographic, economic, and geographic profile (5) Psychographic profile (6) Geodemographic profile and (7) Price . According to them these variables represent the basic dimensions used in segmenting the hospitality market.

2.5.1 Demographic Segmentation

Demographic Segmentation of the market is one of the principal ways of segmenting the hospitality market. According to Kotler et al (1996), demographic segmentation consists of dividing the market into groups based on demographic variables such as age, sex, family life cycle, education and occupation. The relevance for using demographic variables for segmenting the market is that consumer needs, wants and usage rates often vary closely with demographic variable and also demographic information on customers can easily be collected, measured and classified. According to Schoell et al (1995), age is an important segmentation variable for many products and services because consumer wants and needs change as people grow older. Hotels take advantage of age and life-style to target people within a definite age group and appropriately meet their special needs and interests.

According to TIA (1993), almost 31% of all U.S travellers to Africa were between the ages 18-24. Each of the variable are useful knowledge when segmenting markets and some of the above mentioned variables will be elaborated in the following (Gunter and Furnham, 1992: 9).

2.5.2 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. (Armstrong and Kotler, 2005: 188)

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: 11).

2.5.3 Gender segmentation

Gender also represents a strong factor that influences the choice of hotels. Hotels are now taking women into consideration when designing their hotel rooms and other facilities. Certain designs that are very attractive to males may be very repulsive to their female counterparts (Adcock et al, 1998). 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: 257).

From the above mentioned demographic variables, it can be noted that consumers are to some appreciable extent influenced by their age, sex, income level, educational level and Occupation and that can inform the current study in the identification and selected of target market.

2.5.4 Income segmentation

Income level of consumers also represents a key factor in determining which category of consumers to target. Upper scale hotels, midscale and the budget hotels in Africa appeal heavily to middle income international guests. Consumers' educational levels also influence their perception and their buying attitude (Kotler and Clarke 2009). 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: 258).

2.5.5 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: 259).

2.5.6 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: 260). In conclusion, the demographic, and the abovementioned variables', approach to market segmentation assumes that since people can be grouped into certain types of categories (i.e. age, income, education etc.) they are likely to share the same values and buying behaviour.

2.5.7. Psychographic Segmentation

Secondly, psychographic segmentation according to Kotler et al (1996) divides buyers into different groups based on psychological/personality traits, life-style and value characteristics. According to an acknowledged authority on market segmentation, Robert (2000), "hotel establishments have become conscious in designing their facilities to meet specific life-style patterns. Life-style therefore has great influence on peoples' behaviour towards the purchase of goods and services. Also, different characteristics and wants of people in the different classes make social class a useful basis for segmenting hospitality markets.

Other psychographic variables that influence customers' choice of hotels include: Personality, attitude, knowledge and perceived risks. Advocates of psychographic segmentation argue that life-style pattern combine the virtues of all other segmentation variables which affect the way people live, think and behave in their everyday lives (Kotler et al, 1996).

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: 26).

Psychographic segmentation therefore divides people according to their attitudes, values, lifestyles, interests and opinions (Pickton and Broderick, 2005:377). Furthermore some marketers have used personality variables to segment the markets, for example the landline telephone is 'outdated' and a commercial could appear to target elder people whereas the actual purpose is that the commercial is aimed at a much broader personality group (Armstrong and Kotler, 2005)

Generally, the relative influence of customers' personality, social class, life-style, knowledge and attitude on the choice of hotels makes psychographic segmentation paramount in the consideration of factors influencing market segmentation in the hotel sector.

2.5.8 Geographic Segmentation

Also, geographic segmentation is the act of dividing the market into different geographic units such as nations, states, regions, counties, cities or neighbourhood (Kotler et al, 1996). The essence and the substance of geographic segmentation is that certain geographic locations are the major sources of businesses. A hotel might position itself in a way to attract customers from a particular region. If geographic segments can be pinpointed, then the problem of reaching those segments is generally overcome, especially if those segments are in concentrated areas (Kotler et al, 1996).

Hospitality companies may decide to operate in one or few geographic areas or operate in all, paying attention to geographical differences in needs and wants. The underlying assumption of geographic segmentation is that once we can identify and determine where our customers will or do come from, we will then establish that area as the target of our marketing efforts (Etzel et al, 2001).

Though geographic segmentation is the easiest segmentation to define, it is also the most fallible for the hospitality industry. This view will therefore influence the current study to be more careful when using the geographic segmentation.

The understanding of customers' cultural nuances is a vital mechanism in establishing a useful market segment. All customers live in a complex social environment. According to Schoell et al (1995), the kinds of products or services consumer buy can be influenced by the culture and other social influences. Sociocultural variables therefore have significant impact in segmenting the hospitality market.

Religion according to Morrison (1992) is one of the dynamic forces that influence and shape peoples' choice of goods and services. Also, customers' behaviours are influenced not only by the general culture in which they live but also by the subgroups to which they belong. As defined by Schoell et al (1995), sub-culture is a group of

people within a larger culture, who share beliefs, values and customs that differ, at least in some of respects, from those of larger society. Consumers' core values define how products are used and determine; whether products are seen negatively or positively. It represents the belief about what is good or desirable (Schoell, 1995).

Without doubt, knowledge of these socio-cultural variables indicated by the above mentioned researchers provide an insight into the basic influential factors determining the choice of hotels for clients. Culturally, the consumer is influenced by such factors as religion, core values and sub-cultures. Therefore the current study takes cognizance of the socio-cultural factors influencing market segmentation in determining a viable target market.

2.5.9 Usage and Benefit Segmentation:

According to an acknowledged authority on segmentation (Peter, 2000), usage segmentation is a broad umbrella that covers a wide range of categories that probably apply more specially to hospitality businesses than any type of segmentation. Usage segmentation covers a broad range of categories such as purpose, time of purchase, size of purchase, frequency of purchase. It also involves nature of purchase and the classification of consumers as heavy, medium and light users. Robert et al (2000), in their review of literature asserted that frequency of usage. In line with this claim, it is quite logical for a useful segment to be based on the frequency of purchase of the hotel accommodation. Moreover, the belief underlying benefit segmentation approach is that the benefits people seek in consuming a given product or service is the basic reason for the existence of a true market segment. Akin to this assertion, Peter et al (2000) stated that benefit segmentation seeks to identify consumer wants and needs and to satisfy them by providing products and services that provides the desired benefit.

Kotler et al, (1996) stated that buyers can be according to the product benefits they seek. According to them, knowing the attributes or benefit sought is useful in two ways .first, marketers understand, provide and promote in order to attract a specific segment. Second, identifications of customer type are possible.

This present study finds this view consistent with the existence of a useful market segment. This is because knowing what benefit people, seek provides a solid base for predicting what people will do.

2.5.10 Behavioural segmentation

Behavioural segmentation is based on the customers' attitude toward, use of, or response to a product. Many marketers believe that the behavioural 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, 2009:263).

Occasions

Occasions are when the customers are divided into segments based on the time of day, week, month and year (Kotler and Keller, 2009: 263). People are 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: 191).

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, 194). Furthermore the benefit

segmentation identifies market segments by casual factors rather than descriptive factors such as e.g. demographics.

User status

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, 2005:194).

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.

Usage rate

The usage rate segmentation divides the customers according to how much they use a product. They are divided into groups of non-users, light, medium and heavy product users and companies often seek to target one heavy user rather than several light users (Armstrong and Kotler, 2005: 194). This is due to the fact that the heavy users constitute a small percentage of the market but account for a high percentage of the total buying (Gunter and Furnham, 1992: 20). Thus a company should seek to adapt their marketing strategy according to these customers. However, it should be mentioned that it is of certain importance not to exclude the non-users, light users and medium users due to the fact that these users may provide a positive prospect for future expansions.

Finally the usage rate divides the customers in terms of time and place. Example a company may sell one product at one part of the day, month, year and another product another time of the day, month, and year as is the similar case when using occasion segmentation.

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: 264). 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.

Loyalty status

A market can also be segmented according to the loyalty of the customers. It is assumed that customers are always loyal by buying the same product. These customers are referred to as hard-core loyals. Other people that are loyal toward two or three brands and buy these on a random basis are referred to as being split loyals. A third group of people are those who shift from one brand to another and staying with that brand for a period of time until they shift to another brand. These customers are referred to as shifting loyals. The fourth and final group of loyals are those who do not show loyalty or preference towards one particular brand, but rather buy a product or brand that is on sale or available at the time of the occasion. These customers are referred to as switchers (Kotler and Keller, 2009: 264).

Attitude

As a final variable to the behavioural 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: 265).

By combining the different behavioural variables, it is possible for marketers to get a view of a market and its segments and thereby the marketer can enhance its targeting strategies (Kotler and Keller, 2009: 265).

2.6. Market segmentation; some limitations

According to Roscraig (2010) while market segmentation is a useful process in allowing an organisation to aggregate customer needs into distinct groups, it is not a perfect process. Market segmentation has been criticized for the following reasons:

Because the process involves approximating product/service offerings to the needs of customer groups, rather than providing an individual customized offering, there is a chance that the customers' needs are not being fully met. Customer relationship marketing processes, and software, are increasingly allowing companies to develop customized approaches to individual customers.

On the whole, the related literature above suggests and affirms that psychographic, geographic and demographic variables are useful in considering factors influencing market segmentation in the hospitality industry. Nonetheless, the present study aims to extend the borders of market segmentation beyond these areas to include socio-cultural variables.

2.6.1 Overview of the Accommodation Sector

Accommodation is a very important part of tourism infrastructure and development of tourism is a function of accommodation. The demand for accommodation away from home is a function of travel (Ghosh, 2006). Cooper et al (2008) argued that, accommodation is a necessary component in the development of tourism within any destination that seeks to serve visitors other than trippers. The quality and range of

accommodation available will both reflect and influence the range of visitors to a location. Barker et al (2000) argued that accommodation product consists of more than a room with a bed. A guest purchasing accommodation also receives other facilities and benefits, such as ambience, décor and security .whiles all hotels provide accommodation services for their guests, the type of facilities and benefits associated with that service can often differ greatly, even within the same hotel. The accommodation product therefore does not just consist of a room –single or doublebut also the additional facilities and services which are applicable to that room. Cooper et al (2008) further stated that Accommodation also plays an important role in the overall economic contribution which tourism makes at a local and national level. It is difficult to generalize about the proportion of total tourist expenditure that is allocated to accommodation because this varies greatly according to the market, accommodation type and nature of product purchased. As a very general rule, perhaps 33 % of total trip expenditure that is allocated to this sector but this varies greatly between different market segments.

2.6.2 Global trends in the Hospitality industry

The hotel industry is involved with providing overnight accommodation, food and beverage, various recreational business facilities for travellers. The hotel industry employs approximately 260 million people with a turnover \$4 trillion annually (Harrison, 2003). Over the past few years the hotel industry has witnessed a phenomenal growth in the number of bed and breakfast, lodge and cottage-style accommodation sites operating (Omblor, 1997:6). However, in the aftermath of the events of September 11, 2001, the situation has changed dramatically affecting the industry to a greater or lesser extent. “Flight schedules were cut back, (O” Neill and

Lloyd-Jones, 2002: 53). Global synchronized recession, war, SARS, terrorist threats, airline upheavals, volatile currency and energy markets have all impacted the industry performance (Starwood Hotels & Resorts, Annual Report, 2003). This is reflected in global trends that exert crucial influence and the hotel industry is no exception to the rule. The global trends affecting the hotel industry have been divided into several groups and include:

2.6.3 Socio-Cultural Trends

This group includes the following trends:

- Societal trends, such as the aging of the baby-boom generation, which creates an opportunity for hotel companies to get involved in managing residential villages for retirees-usually in conjunction with support services (e.g. Ranging from recreation to food service to nursing care). For example, “Marriott well aware of this trend has made considerable investments in housing for individuals who believe that they may want to use some form of assisted living as they age” (Harrison, 2003: 142).
- Growing number of female travellers who constitute a separate market segment. The majority of them come from Japan, Australia, New Zealand, China, Hong Kong and Singapore (Hing et al., 269).

2.6.4 Lifestyle trends

The following belong here:

Trend towards shorter staying in a hotel in case of business travellers, which means that “companies might send executives away on the morning of a meeting to cut down on the need for an extra night in a hotel. At the same time, executives are more likely to return home the night after the meeting, rather than staying overnight” (Smith, 1998:

19). More importantly, the outbreak of SARS and the threat of terrorist attacks together with new substitutes such as tele-and video-conferencing replaced some business travel and removed the requirement for hotel accommodation. Trend towards increased pleasure travel – “as the number of affluent, two-income families has increased and transportation has become quicker, easier, and less expensive, the travel industry has seen an increase in pleasure travel. This trend is likely to continue, and resort areas will benefit from it most” (Rushmore and Baum, 2002: 161)

2.6.5 Marketing trends

Marketing trends are best characterized by:

Increasing brand extension and segmentation -“Hotel businesses who diversifying into several styles of accommodation, Caravan parks and backpacker hostels are joining together to form overall brand and identities” (Pearce et al, 1998: 294). Brand extension, in turn, allows firm to penetrate a variety of market segments with differentiated products that carry a single, well-established brand name. hotel firms see several advantages to brand extensions, including quicker acceptance of new products by consumers, economies of scale in marketing-support expenditures (Arnold, in Weizhong, 2002:6), lower risk associated with introduction of new products, and retention of guests (Kapfere in Weizhong, 2002: 6). “Brand extension is the practice of introducing of a new brand (differentiated by market segment) using a well-established brand name as leverage (Bly, Hart, Coopers & Lybrand in Weizhong et al, 2002: 6).

Growing emphasis on frequent-guest programmes and loyalty programmes “Frequent users of accommodation and restaurant services now benefits from integrated frequent-flyer programmes which benefit high-use travellers” (Pearce et al, 1998; 294).

However, hotels focus on loyalty programmes in the first place, since they allow building an emotional attachment to the brand, and thus possess and retain loyal customers. Customers are offered emotional “trophy” rewards, customized recognition and tailored offers, while frequency programmes lure customer on the possibility of accumulating miles, points or other discounts (Shoemaker and Lewis, 1999). The trend is towards simplifying the scheme to make them appealing. “Some groups use a single scheme for all their hotel tiers and brands. A business traveller staying at Radisson, for example, can use the same scheme at Carlson’s other hotel brands – Regent International (RI), the five-star group and Country Inns and Suites, the limited service chain” (Scheherazade, 1999: 02).

2.6.6 Trends pertaining to new products and ideas

Considering the future of the hotel industry (and tourist industry, too) there will be two opposing trends: “cheap hotels outside the cities and luxury hotels in resort areas where guest will be waited on hand and foot” (Holjevac, 2003: 133). Those trends can be characterized by the emergence of new products, such as boutique hotels, allsuites properties – stay hotel, hard budget hotel and backpacker hotels.

2.7 Definition of hotel

Hotels are undoubtedly the most significant and visible sub-sector within accommodation or lodging sector. Although a highly varied collection of properties in most countries, hotels are the tourism sub-sector that provides the greatest total employment in global terms and probably account for the highest receipts. The traditional view of hotel was an establishment providing accommodation as well as food and beverage services to short-stay guests on paying basis. This view have

influence most attempts to define hotels Cooper et al (2008) Hotels play an important role in most countries in providing facilities for transaction of business, for meetings and conferences, for recreation and entertainment, in many areas hotels are important attractions for visitors who bring to them spending power and who tend to spend at a higher rate than when they do when they are at home Medlik and Ingram, (2000:4) as cited by Page and Connell (2009). According to Baker, et al. (2000), a hotel is an establishment held out by the proprietor as offering food, drink and if so required sleeping accommodation, without special contract, to any traveller presenting himself who appears able and willing to pay a reasonable sum for services and facilities provided and who is in a fit state to be received. However, Jones and Lockwood (2002:1) defined a hotel as an operation that provides accommodation and ancillary services to people away from home. This includes all people who spend time away from home for whatever reason and so it includes the traditional concept of a 'hotel', as well as motels, holiday camps, condominiums, hostels, hospitals, and prisons. Ghosh (2006) defined a hotel as an institution of commercial hospitality which offers its facilities and services for sale.

2.8 Hotel Classification

While there are other types of establishments which also provide accommodation services (e.g. hospitals, university hostels, apartments, prisons or even private hotels), they do not cater for the specific needs of travellers. Hotels can be classified into different types, according to their target market, size, location, facilities and ownership. Different types of hotels will provide different kinds of services for their guests, and will therefore be run differently Baker et al (2000). The main ways of classifying hotels are described by Baker et al, (2000) are as follows:

Target market

One way of classifying a hotel is according to the type of guests it caters for. Hotels can be divided into commercial, tourist and resort properties. Hotels which offer drink and accommodation to traveling business people are called commercial hotels.

Tourist hotels on the other hand, offer services for people traveling for pleasure. Resort hotels also provide services for people traveling or pleasure, and are more likely to be found at scenic spots (such as in the country or in the coast).

Hotels can also be divided into residential and transient hotels on the basis of the expected length of stay of their guests. Residential hotels provide accommodation for guests staying for a long time, while transient hotels are used by guests who stay for only one or two nights. Transient hotels are very often found near airports, railway terminals or ports.

Location

Hotels Can be classified according to where they are located (e.g. city centre hotels, suburban hotels, or resort hotels), Abbott and Lewry (2008). This tends to determine the type of clientele. A hotel on a tiny tropical island with limited communication facilities will have plenty of holiday guests, but it will attract relatively few business travellers. The main types of location are as follows; City centers, Suburban, Airport, Main road (motels), Resort, Country

Size

Some hotels may be classified with respect to their size. Small hotels have fewer than 100 rooms; medium –sized hotels normally have between 100and 200 rooms, while large hotels usually have more than 200 rooms. However, this categorization by size alters from country to country. For example, in Asia a small hotel may be 200 rooms and a large property, 700 to 1000 rooms. The size of a hotel will affect its organisation

and operation. For example, large hotels are usually divided into distinct departments which specialize in providing a one type of service to guests (e.g. room service waiters only serve food in the guest- rooms). In medium-sized and small hotels, departments are less specialized and the staff have a wider range of duties (e.g. the coffee shops may serve meals not only in the coffee shop, but also in guest rooms).

Abbott and Lewry (2008) also classified hotels according to four main factors:

Location. This tends to determine the type of clientele. A hotel on a tiny tropical island with limited communication facilities will have plenty of holiday guests, but it will attract relatively few business travellers. The main types of location are as follows; City centres, Suburban, Airport, Main road (motels), Resort, Country

Size. This is related to the amount of business likely to be generated by the hotel's location and the presence or absence of competition. Other things being equal, city centre establishment will be larger than country hotels, because more people are likely to be drawn to the city. As far as Britain is concerned, the main categories are: fewer than 25 bedrooms (small), 25- 99 bedrooms (medium), more than 100 bedrooms (large), more than 300 bedrooms (major).

The accommodation product, according to Medlik and Ingram (2002), comprises: The location of the establishment (i.e. where it is based in term of a city or rural area and its relative accessibility to tourists and customers), its facilities (i.e. its bedrooms, bars, restaurants, meeting rooms and sports and recreation facilities), Its service (i.e. what level of service the provider offers will depend upon its grading and facilities and market niche), Its image (i.e. how it is portrayed to customers and the way it is marketed), Its price which is a function of the location, facilities, service and image.

2.9 Conceptual Framework

Market segmentation studies are designed to discover the needs and wants of specific groups of consumers so that specialised goods and services can be developed and promoted to satisfy each group's needs (Schiffman and Kanuk, 2009). Because buyers have unique needs and wants, each is potentially a separate market (Kotler et al, 2006). The strategy of market segmentation allows producers to avoid head-on competition in the marketplace by differentiating their offerings, not only on the basis of price but also through styling, packaging, promotional appeal method of distribution and superior service (Schiffman and Kanuk, 2009).

This study examines the factors influencing market segmentation in the hotel industry in the Tamale Metropolis. The specific issues the study considers include the criteria used by hotels in segmenting their markets, the relevant market segmentation variables and the consumer characteristics necessary for segmentation of hotels. According to Baker et al. (2000), the hotel guests can be classified according to their purpose of visit (pleasure or business travellers), numbers (independent or group travellers) and their origins (local or travellers from overseas).

Middleton and Clarke (2008) are of the view that the main methods of segmentation are by (1) Purpose of travel (2) Needs, motivations, and benefits sought (3) Buyers behaviour / characteristics of product usage (4) Demographic, economic, and geographic profile (5) Psychographic profile (6) Geodemographic profile and (7) Price. These variables represent the basic dimensions used in segmenting market of the hotel industry into group size, place of origin of visitors and the purpose of visit.

Within these three elements the bases of market segmentation of a hotel can be found as illustrated in Figure 2.1 below.

Purpose of visit

The pleasure travellers (otherwise known as tourists) are people who travel for pleasure (e.g. sightseeing or entertainment). Their arrivals are highly seasonal and are attracted by special festivals, sports or other cultural events. Pleasure travellers are generally price sensitive. Their personal income is an important factor in determining their particular needs.

Business travellers are people who travel for the sole purpose of conducting business. Business travellers are the largest source of demand for accommodation. This demand exists all year round, with the exceptions of public holidays where demand can be low. The business traveller often requires accommodation at short notice and, for this reason, they prefer to establish close ties with a particular hotel so that they can use the accommodation service on a regular basis and not be inconvenienced by lengthy reservation procedures.

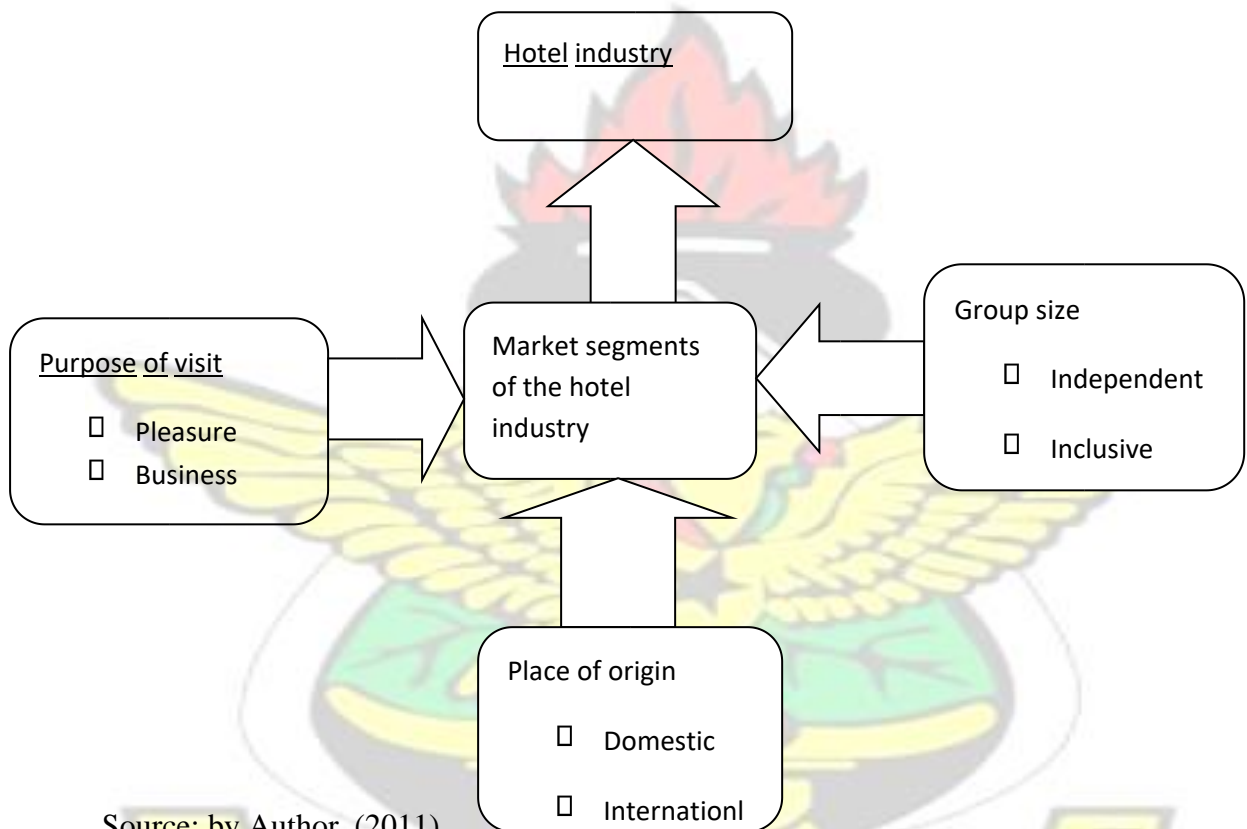
Group size

An independent traveller is someone who travels alone, for either business or pleasure. Whatever the purpose the guest travels independently and, for this reason, unlike groups or tours, a set timetable is not normally followed. A group booking tends to be seen as a booking in which five or more people travel together, or when ten or more rooms are pre-booked.

Origin

Travellers may generally be divided into local or foreign travellers. This means that any hotel resident whose permanent address is in the same country as the hotel is deemed to be local. Anyone whose home is in another country will be classified as a foreign or overseas traveller.

Figure 2.1: Conceptual framework of the study



Source: by Author, (2011)

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter discusses the methodology for the study. Issues discussed include the study area, study population, sampling procedures, sources and types of data used. Also included in this chapter are the descriptions of the instrument for data collection, procedure for data analysis as well as the problems encountered in the course of this study.

3.1 Research Design

The idea of a research design is to specify methods and procedures for collecting and analysing required information (Yin, 1994). It is thus designed to increase the validity of the research instrument and gain more responses. The study was carried out using descriptive survey method as a research design.

According to Bryman (1989), descriptive survey is one of the most frequently used methods of data collection in social research. Obeng (2003) also maintains that the descriptive survey protocol presents a framework of the study which illustrates the entire programme for the selection of respondents using the appropriate sampling technique and instrument to obtain the needed information. The descriptive survey of non-experimental design was applied to obtain in-depth information from the respondents on the factors influencing market segmentation of the hotel industry in the Tamale Metropolis. This design was deemed appropriate for the study in view of its flexibility and ability to describe the respondents' characteristics and views on the factors influencing market segmentation in the Ghanaian hospitality industry using the Tamale Metropolis as a case.

However, they can only show the strength of statistical association between variables. Reconnaissance surveys do not explain changes in attitudes and views overtime (Yin, 1994). They also provide no basis to expect that the questions are correctly interpreted by the respondents.

3.1.1 Study population and sample size

The population for the study consisted of the management (staff) and customers/clients of hotels in the Tamale Metropolis that has been certified and licensed by the Ghana Tourist Authority and registered with the Ghana Hotels Association (GHA). However, there are sixteen(16) hotels in Tamale Metropolis out of which a sample of four (4) hotels comprising two (2) 2star hotels and two (2) 1star hotels were purposively selected for the study involving a total of one-hundred and sixty (160) respondents. With this a quota of forty (40) respondents were allocated to each hotel with five (5) respondents being staff while the remaining thirty five (35) respondents of these quotas being clients who had visited these facilities for their services.

3.1.2 Sampling Method and Procedure

Among the several hotels located in the Tamale Metropolis, four well-established hotels were purposively selected for the study. These included Picorna Hotel (2star hotel), Radach Hotel (2star hotel), Las Hotel (1star hotel) and Gariba Lodge (1star hotel). The reason is that these hotels had registered with the hotel association of Ghana and have been going through management and marketing training annually and are therefore expected to be applying best practices. It was therefore expected that these hotels could provide the key characteristics of respondents needed to be involved to

achieve the objectives of this study. A quota of forty (40) respondents was allocated to each of these hotels to provide information and data on factors influencing market segmentation among players of the hospitality industry in the Tamale Metropolis. With this quota of forty (40) respondents allocated to each of the four (4) hotels, five (5) respondents were staff while the remaining thirty five (35) respondents were clients who had visited these facilities for their services. The five (5) respondents selected as staff of each hotel was done using purposive sampling technique of non-probability method while the other thirty five (35) respondents who happened to be customers to each of these hotels were also selected using accidental sampling technique. In this regard, the researcher included respondents for the study based on availability and readiness to administer the questionnaires.

3.1.3 The research instrument

Research instrument refers to the tools such as questionnaire, interview guide, observation and other forms of guides the researcher uses to gain knowledge from elements under investigation (Yieri, 2006). This study adopts questionnaire as the research instrument for the study. Employment of this approach provides a relatively easy means to study the perceptions and opinions of a large group of people in a limited time frame and at low costs (Yin, 2006). Respondents were not expected to be mainly literates but at least client with the chosen hotels at the time of administering the questionnaires. The purpose of the questionnaire as an instrument was to develop empirical evidence on the factors that are important to people when choosing a hotel.

Two set of questionnaires were presented to the respondents to complete. The first questionnaire was presented to staff of the four selected hotels and issues sought to address included respondents views on the criteria used by hotels in segmenting their

markets and the variables that are necessary for market segmentation in the study area. The concluding issue presented in the first questionnaire was on the effects of the segmentation criteria on the performance of hotels in the study area. The second questionnaire elicited views of hotel clients on the consumer characteristics necessary for market segmentation in the Tamale Metropolis.

The questions used in the questionnaires were semi-structured. That is Closed-ended and opened-ended questions were used to obtain information from the respondents regarding the factors influencing market segmentation in the hotel industry in the Tamale Metropolis. As a way of minimising researcher bias, the open-ended questions served as opportunities for respondents to provide further details on variables of consideration while the closed ended questions offered respondents enough time and space to provide appropriate answers to the questions by choosing from possible options made available to them in the questionnaire (Yin, 1994). However, most of the questions were closed-ended. This was done to ensure that respondents' views were guided within the key areas dictated by the research objectives.

3.1.4 Procedure for Data Collection

The researcher started the field study by visiting all the selected hotels in the Tamale Metropolis to acquaint himself with them and to also inform them about the study he had intended to undertake in their premises. This helped the researcher to gain better insights into the hotels and their structures. Respondents were selected using purposive and accidental sampling techniques as described above. The objectives of the research were made known to respondents with assurance of confidentiality.

Anaman (2003) holds the view that an assurance from a researcher to respondents that confidential information is not being sought makes interviewees more relaxed and opened in their responses.

In order to carry out the field survey, four (4) field assistants were trained on how to conduct interview and complete survey questionnaires. They were trained on how to identify eligible respondents in accordance with the sampling techniques used in the study. Following this, respondents were located in their various hotels and given questionnaire each to provide their views on the effects factors influencing market segmentation in the hotel industry in the Tamale Metropolis. At the end of each day, the number of questionnaires administered were counted and stored. All completed questionnaires were assembled and organised for processing.

3.1.5 Variables of Description

This research used descriptive survey of quantitative research design. The objective of using this design was to examine and describe the current market segmentation strategies employed by hotels and how they impacted on performance. It was also to identify the variables that were relevant for segmentation of hotels in the Tamale Metropolis. In this study, the researcher employed the qualitative investigations to collect the secondary data from the database, the web-sites of the hotels and other relevant archives. Also, quantitative investigations were used to get primary data through questionnaires. Therefore, a design of how to interpret these data and the limitation of studies has also been presented. The perceived bases for market segmentation variables was in line with Middleton and Clarke (2008) view of seven ways of dividing up market for segmentation in the travel and tourism industry.

According to them the main methods of segmentation are by:

- Purpose of travel;
- Needs, motivations, and benefits sought;
- Buyers behaviour /characteristics of product usage;
- Demographic, economic, and geographic profile;
- Psychographic profile; □ Geo-demographic profile; and □ Price.

These variables represent the basic dimensions used in segmenting the hospitality market. Not a single element of these variables can interpret the whole picture of market segmentation but a combination of all. The questionnaire comprised questions categories of research questions regarding the marketing segmentation and the factors that people considers before choosing a hotel in Tamale.

3.1.6 Methods of Preparing and Analysing Data

The data collected were analysed using Statistical Product for Social Solutions (SPSS) version 17.0. SPSS was particularly considered by the researcher for the data analysis because it provides a comprehensive and flexible statistical analysis and data management system.

Various statistical models such as frequency distributions tables were used to explain the findings. Detail analyses were worked out in percentages where necessary and represented in tabular forms. Data pictorial statistical models like pie chart and bar graph were also used to answer the research questions.

3.2 Ethical Considerations

The researcher identified four ethical concerns and considered them during the conduct of the study. These guidelines dealt with no harm to respondents, anonymity and

confidentiality, identifying purpose, and analysis and reporting. Each guideline was addressed individually with explanations to help eliminate or control any ethical concerns.

The first ethical guideline was to avoid possible harm to respondents. This could include embarrassment or feeling uncomfortable about questions. This study did not include sensitive questions that could cause embarrassment or uncomfortable feelings. Harm could also arise in data analysis or in the survey results. Solutions to these harms were discussed under confidentiality and report writing guidelines.

A second ethical guideline was to protect a respondents' identity. This was accomplished by exercising anonymity and confidentiality. A study is anonymous when a respondent cannot be identified on the basis of a response (Yin, 1994). A survey is confidential when a response can be identified with a subject, but the researcher promises not to disclose the individual's identity. To avoid confusion, the questionnaire does not include names, email addresses and other personal information about respondents that are too specific for easy identification. Participant identification was kept confidential and was only being used in determining who had not responded for follow-up purposes.

The researcher's third ethical guideline was to let all prospective respondents know the purpose of the study and the organisation/institution the researcher comes from.

The fourth ethical guideline was to accurately report both the methods and the results of the study to the educational institution. Because advancements in academic fields come through honesty and openness, the researcher assumed the responsibility to report problems and weaknesses experienced as well as the positive results of the study

3.3 Profile, Location and Size of Hotels

This section presents detailed discussions on the profiles of the selected hotel in the Tamale Metropolis. These include Picorna hotel, Radach Hotel, Las hotel and Gariba Lodge.

3.3.1 Picorna hotel (2star)

Picorna hotel is the first hotel set up in the Tamale Metropolis. In 1977 the facility was set up as a discotheque call the “Right Sports “in the Tamale Metropolis to boast entertainment in area. This facility was later converted to a hotel made up of only five (5) rooms and now has a total of twenty two (22) rooms, a restaurant and recreational facility such as table long tennis court.

Picorna hotel currently has three conference rooms with the combined total of nine hundred people; it also has the biggest club in the region with the capacity to contain one thousand (1000) people. In 1990 picorna was designated the first 2-star hotel in the region. It has staff strength of twenty five (25)

Picorna has since it completion in 1984 maintained an excellent standard of services and continues to be the best tourist gateway to Northern Ghana. In recognition of it immense contribution to the development of the hospitality industry in the northern region, a silver award was conferred on picorna hotel at the 2nd Ghana Business and financial services excellence awards organised under the auspices of the Ministry of trade and industry in 2009.

3.3.2 Radach Hotel (2star)

The Radach Memorial Centre, which is named after Ken & Gloria Radach, was conceived as a Hospitality Haven for people from all walks life to experience the amazing grace of God. The Centre provides various training in: Community

Development, Christian Life, and Voluntary Service, through both formal courses and seminars, and well as through self-study.

Besides offering a comfortable place for you to rest your head, and a quiet garden for you to relax and meditate, the Radach Memorial Centre can also satisfy your hunger. The dining halls and cafeteria can occupy 1,000 people offering many great dishes to fulfill your dining needs.

The facility is located on 4.92 acres of land at the Industrial area of Tamale. It includes an administration block, warehouse, prayer house, laundry facility, a main accommodation, auditorium(capacity: 2,000 persons), small theater, three conference halls, Cafeteria, Three dining halls, prayer cells and a prayer garden complete with two prayer huts. Radach is currently rated is a 2-star hotel and is among the only four 2star hotels in the Tamale Metropolis.

Radach hotel contain about 67 rooms made up of 5 executive rooms 22 standard single rooms and 40 single rooms, Radach hotel has four conference rooms that offer a variety of program packages for 20 to 1500 persons. The guest room of have wireless internet in each room each of which is equipped with a sitting area, refrigerator, satellite TV, and fan, private balcony, order facilities are ceiling fan, air conditioning, wardrobe, and private washroom with hot water. Radach hotel has staff strength of twenty five (36) and all of them are on full time employment.

3.3.3 Las hotel (1star)

Las hotel is located in the Tamale Hospital road; the facility built in 1995 with a total of 20 rooms. The rooms are in the categories of 8 single bedrooms 2 executive rooms and 10 standard double rooms. Las hotel has staff strength of 10 and all of them are on full time employment. The Hotel has a 40 setter restaurant and a conference room that takes 200 people it also has a club house with the capacity of 1500 people.

The guest room have wireless internet in each room each of which is equipped with a sitting area, refrigerator, satellite TV, and fan, order facilities are ceiling fan, air conditioning, wardrobe, and private washroom.

3.3.4 Gariba Lodge (1star)

Gariba lodge is an accommodation facility in the Tamale metropolis which was built in 1992 as a commercial facility with the intention of providing food and a place for people who want to pass the night. The hotel is located in the Tamale Metropolis about 20munites derive towards Cammina barracks.

Gariba lodge is one of the four 1star hotels in the Tamale Metropolis with a total of 28rooms. The hotel has 4 conference facilities with a combine total of 470 guest capacity. The hotel also has 2 swimming pools a football pitch long tennis court.

The guest room have wireless internet in each room each of which is equipped with a sitting area, refrigerator, satellite TV, and fan, order facilities are ceiling fan, air conditioning, wardrobe, and private washroom. The hotel has maintained an excellent standard of services and continues to be one of the best hotels in Northern

Ghana. In recognition of it immense contribution to the development of the hospitality industry in the northern region, an award was conferred on the hotel on the occasion 6th annual tourism award 2003 as the best hotel of the year.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF FINDINGS

4.1 Introduction

This chapter presents the detailed analyses and results of the study on factors influencing market segmentation in the hotel industry in the Tamale Metropolis. This section discusses the demographic information of the respondents, respondents' views on variables used in segmenting hotels in the Tamale Metropolis and the effects of variables identified on the performance of the hotels. The chapter concludes with the presentation of the analyses, findings and discussions of data on the segmentation variables that are important in the hotel industry as well as the relevant consumer characteristics necessary for segmentation of hotels in the Tamale Metropolis for competitive advantage.

As means determining the criteria used by hotels to segment the market, the researcher elicited views of respondents on whether their hotels had market segmentation strategies. Analyses of responses of the staff selected for the study indicated that the hotels in the Tamale Metropolis had segmentation strategies which they used as marketing strategies. Statistically, the data revealed that 85% of the hotel staff agreed that the hotels have a segmentation strategy and 15% indicated that the hotels did not have segmentation strategies. The results are illustrated in Table 4.1 below.

Table 4.1: Responses on segmentation strategy

Variables	Frequency	Percentage (%)
Yes	17	85%

No	3	15%
Total	20	100

Source: Field data, 2011.

From the above analyses, it could be observed the most of the hotels in the Tamale Metropolis used market segmentation as a major marketing strategy. By this, it could also be stated that segmentation as a marketing strategy is one of the key criteria for market segmentation among hotels in the Tamale Metropolis.

The researcher also examined respondents' views in relation to the use of market and products as main factors considered in segmenting the market. This was to identify the market coverage strategy used. The data collected showed that hotels in the Tamale Metropolis were segmented based on market and not products. The result as shown in Table 4.2 indicated that of the twenty hotel staff selected for the study, 40% of them indicated 'strongly agreed' and 20% of them also indicated 'agreed'.

Table 4.2: Market and products as factors of market segmentation

Variables	Frequency Percentage (%)	
I strongly agree	8	40.0
I agree	4	20.0
Neither agree nor disagree	3	15.0
I disagree	3	15.0
I strongly disagree	2	10.0

Source: Field data, 2011.

In addition, 15% of the respondents disagreed with the assertion that hotels were segmented based on markets and the remaining 10% also indicated 'strongly disagreed'. However, the remaining 15% of the respondents were neutral; suggesting that either market or product could be used as criterion in segmenting the hotel market in the Tamale Metropolis.

From the above analyses, one could observe that the hotels in the Tamale Metropolis are segmented based on market and not products or types of services rendered. The finding is in line with the view of Kotler et al (2006) that the market is the main factor to consider when segmenting the hotel market.

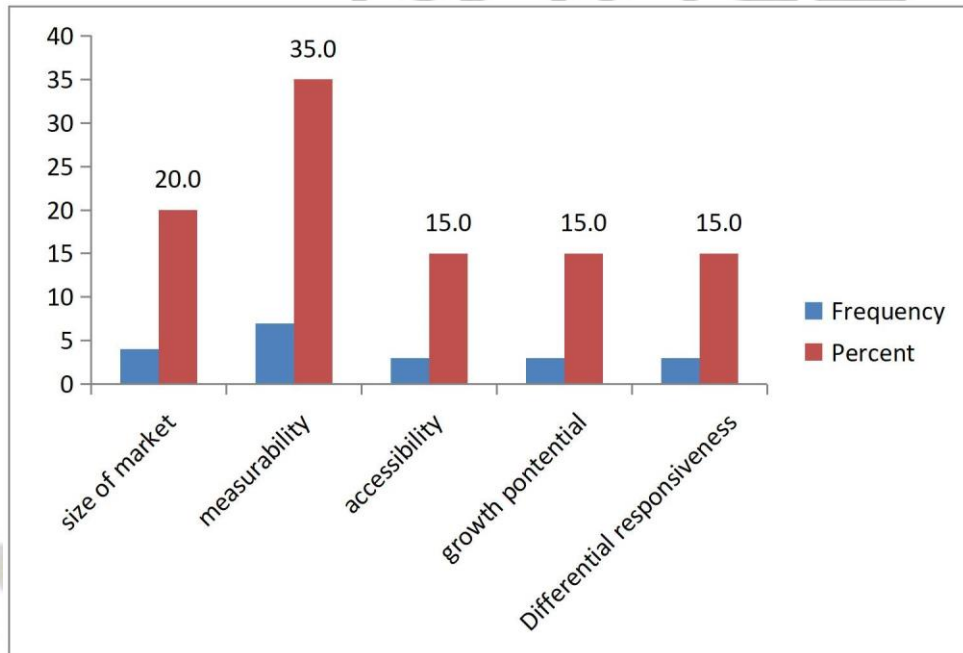
4.2 Market Segmentation Variables

This section considers analyses and discussions of data on the variables of market segmentation with the objective of determining factors influencing market segmentation in the Tamale Metropolis. In this regard, respondents' views on most favoured criteria for market segmentation, factors used by hotels in segmentation of markets and variables relating to hotel segmentation criteria are presented.

In an attempt to identify the factors influencing market segmentation among hotels in the Tamale Metropolis, the study sought views of respondents on market segmentation variables as well as the level of segmentation engaged in by the hotels to determine the market segmentation criteria. Owing to this, respondents were asked to rank market segmentation criteria in relation to size of market, measurability, accessibility, growth potential and the differential responsiveness of the market. The results as presented in Figure 4.1 revealed that 20% of the respondents considered size of market as the most important criterion in segmenting the market while 35% of them also indicated that measurability of the market could be the most important criterion for market

segmentation in the metropolis. Further analyses of the data revealed that 15% of the respondents also opted for accessibility and growth potential each as the main criteria for market segmentation in the hotel industry within the Tamale Metropolis.

Figure 4.1: Most Favoured Criteria for market segmentation



Source: Field data, 2011.

Similarly, the remaining 15% of the respondents also said differential responsiveness of market was the main criterion used in segmenting the hotel market in the Tamale Metropolis. It is, therefore, clear from the analyses that majority of the respondents considered size of market and market measurability as the main criteria for hotel market segmentation in the Metropolis. The finding of the study therefore agrees with the view of Kotler et al. (2001) that measurability is an important market segmentation criterion.

Other important variables of market segmentation criteria the study considered in relation to factors influencing market segmentation in hotel industry in the Tamale

Metropolis were demographic, psychographic, geographic and behavioural factors. With this, the study sought to establish how often they were used in segmenting the hotel market. As shown Table 4.5, 25 % of the respondents indicated 'psychographic' and 15% of them also agreed that behavioural factor was used as a criterion for segmenting the hotel market besides the main criteria which include size of market, measurability, accessibility, and differential responsiveness.

Figure 4.3 factors used by hotel in segmentation

	Frequency	Percentage (%)
Behavioural	3	15.0
Geographic	4	20.0
Demographic	8	40.0
Psychographic	5	25.0
Total	20	100.0

Source: Filed data, 2011.

From the results, it is absolutely clear that the demographic and psychographic factors featured more prominently in the segmentation variables than behavioural and geographic factors. In this regard, the finding of the study agrees with views of Schoell et al (1995) that age is an important segmentation variable for many products and services because consumer wants and needs change as people grow older. They further maintain that Hotels take advantage of age and life-style to target people within a definite age group and appropriately meet their special needs and interests.

Further clarification from respondents revealed that the lifestyle of people matters most in terms of hotel usage. Respondents expatiated that the life styles of people determine the types of hotels and services they will patronise.

In trying to identify the two top rated variables of market segmentation, the researcher asked the respondents to rank the variables in terms of frequent usage as factors for market segmentation. Under psychographic factors, the study further identified behavioural related sub-variables. For example, 25% of the respondents indicated ‘usage rate’ as most important behavioural related-sub variable for market segmentation while 20% of them also indicated ‘loyalty’ and the results are presented in Table 4.6 below.

Table 4.4: Variables relating to hotel segmentation criteria

	Frequency	Percentage (%)
Use rate	5	25.0
Loyalty	4	20.0
Benefit sought	4	20.0
Income	5	25.0
Buyer readiness	2	10.0
Total	20	100.0

Source: Filed data, 2011.

In addition, 20% indicated ‘benefit sought’ and 25% also indicated the demographic sub-variable of ‘income’. The respondents indicated ‘income’ (25%) and ‘buyer readiness’ (10%). It is however worth noting that the ratings did not differ so much

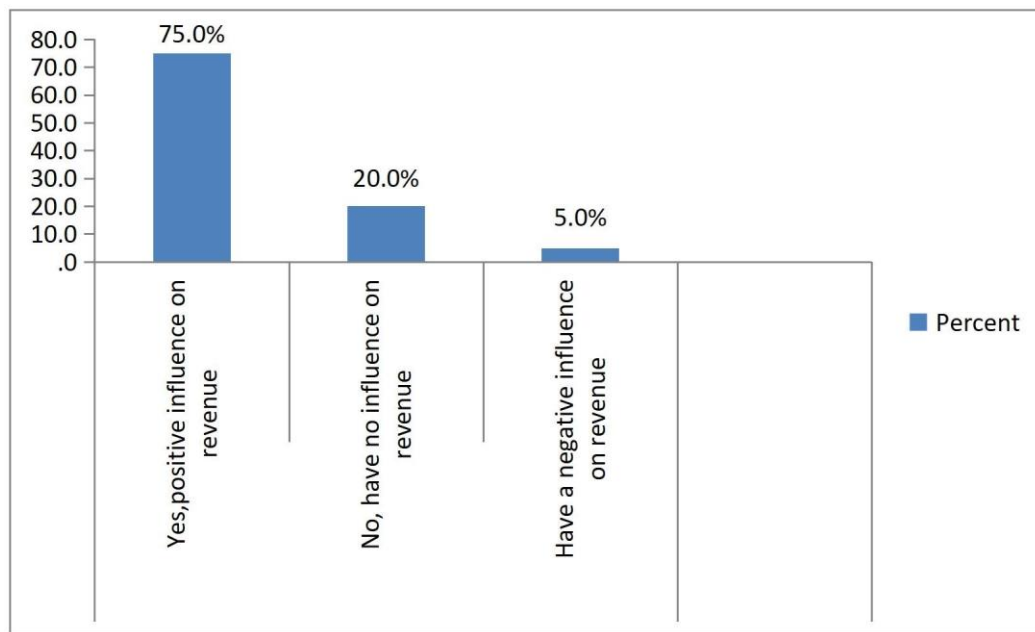
and this is an indication that all the behavioural related sub-variables are considered important in segmenting the hotel market in the Metropolis.

4.3 Effects of Market Segmentation Criteria on Hotels Performance

This section of chapter four (4) presents analyses and discussions of field data on the effects of market segmentation criteria on the performance of hotels in the Tamale Metropolis. In this section, specific references are made to respondents' views on market segmentation and revenue accrued, change of market segmentation criteria and strategies to improve market segmentation process. It concludes with analyses and discussions of views of respondents on the topmost market segmentation criteria used by hotels in the Tamale Metropolis.

As part of the researcher's objective of identifying the factors influencing market segmentation of the hotel industry in the Tamale Metropolis, respondents' views were elicited on the whether market segmentation have influence on the revenue levels of hotels in the study area. The essence of this was to establish the specific objective of effects of market segmentation criteria on hotels performances in the study area. Analyses of field data obtained from the respondents revealed that market segmentation had positive influence on the revenue accrued to hotels in the Tamale Metropolis. For example, the results of the field data indicated that 75% of the respondents agreed that market segmentation leads to an increase in revenues of hotels in the study area. The results are shown in Figure 4.3 below.

Figure 4.3: Effects of market segmentation on revenue of hotels



Source: Field data, 2011.

Further analyses of the data indicated that 20% of the respondents said segmentation had no influence on their revenue levels while the remaining 5% of them said market segmentation had negative influence on their revenue levels. From the data presented above, it is clear that market segmentation has a positive effect on the revenue levels of hotels as it helps to identify the customers that the business can serve better so as to increase sales, revenue and profitability of their businesses.

In addition, the study elicited views of respondents on the extent to which market segmentation promotes competition among hotels in the Tamale Metropolis. Analyses of the data obtained from the respondents revealed that market segmentation brings about favourable competition among hotels and the results are presented in the Table 4.5 below. Statistically, 45% of the respondents selected for the study agreed that market segmentation brings about higher competition among hotels in the Tamale Metropolis.

Table 4:5: Market segmentation and competition

Level of agreement	Frequency	Percentages (%)
Agree	9	45
Strongly agree	7	35
Disagree	2	10
Strongly disagree	2	10
Totals	20	100

Source: Field data, 2011.

Similarly, 35% of the respondents also indicated ‘strongly agree’ while the remaining insignificant of the respondents who constituted 20% held the view that market segmentation could not bring about competition among the hotels. In effect, it could be deduced that market segmentation has the tendency of encouraging competition among the hotels in the Tamale Metropolis thereby compelling the players in the industry to provide quality service to customers. This therefore serves as a positive effect on the performance of these hotels.

Furtherance on the effects of market segmentation on the performance of hotels in the Tamale Metropolis, the study again found from respondents on whether market segmentation could influence hotels to provide innovative and variety of services to their customers. Owing to this, it was revealed that market segmentation could encourage the provision of varieties but quality services to customers in the Tamale Metropolis. As illustrated in Table 4.6 below, it could be seen that when asked whether

segmentation could bring about the provision of wider services to customers by hotels, 40% and 30% of the respondents indicated ‘agree’ and ‘strongly agree’ respectively.

Table 4:6 Market segmentation and provision of wider services to customers

Level of agreement	Frequency	Percentages (%)
Agree	8	40
Strongly agree	6	30
Disagree	4	20
Strongly disagree	2	10
Totals	20	100

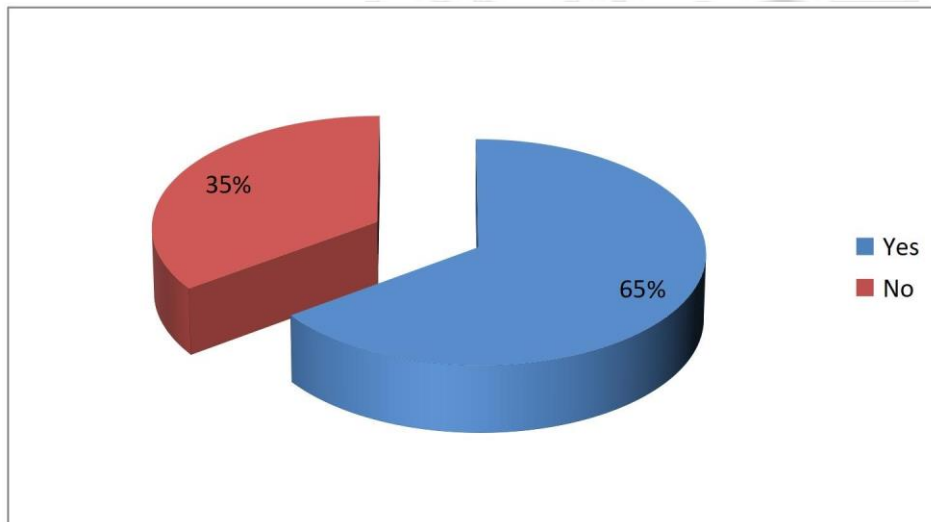
Source: Field data, 2011.

On the other hand, only an insignificant percentage of respondents disagreed with the assertion that it could bring about the provision of variety of service to customers. That is, 20% of them indicated ‘disagree’ while the remaining 10% indicated ‘strongly disagree’. The results is, therefore, conclusive that market segmentation had positive effect on the performance of hotels in the Tamale Metropolis as it could encourage various hotels to improve their services in order to stay in business. With this, customers become the eventual beneficiaries of these improvements in performance of the hotels.

The last aspect of the respondents’ opinion was mainly about whether market segmentation could lead to an improvement of services of the hotels in the Tamale

Metropolis. The essence of this was to achieve the collective objective of ascertaining the effects of market segmentation on the performance of hotels in the Metropolis and the results are illustrated in Figure 4.4 below.

Figure 4:4 Market segmentation and improvement of hotel performances



Source: Field data, 2011.

The results showed that market segmentation leads to an improvement in the performance of hotels in the Tamale Metropolis. For instant, 65% of the respondents agreed that market segmentation leads to an improvement of performance among hotels in the study area.

Conversely, only 35% of the respondents indicated 'no' to mean that they did not agree with the assertion that market segmentation could result to an improvement in the performance of hotels in the study area.

4.4 Consumer Characteristics for Market Segmentation

This section specifically considers analyses, findings and discussions of data on the consumer characteristics necessary for market segmentation in the Tamale

Metropolis. Some of the thematic areas in this section include the age, gender, income and level of education of respondents. Others also include religious denominations and continents from which respondents come from.

It is imperative to identify age groupings of clients who patronise hotel services when segmenting the market. This will not only help players in the industry to develop customer tailored services to attract clients but to also identify the generational differences of these people in order to meet their needs. The study revealed that majority of clients who patronise hotel services in the Tamale Metropolis were between the ages of 30-49 and the results are illustrated in Table 4.6 below. Specifically, 50.8% of the respondents were between the ages of 40-49 while 36.7% of them fell in the age group of 30-39.



Table 4.7: Personal data of Respondents (120 persons)

Age	Frequency	Percentages (%)
Under 20	4	3.3
21-29	7	5.8
30-39	44	36.7
40-49	61	50.8
50-59	3	2.5
60 above	1	0.8
Total	120	100.0

Source: Field data, 2011.

On the other hand, only a few of the respondents who were enjoying the services of the hotels were below the age group of 20. Similarly, an insignificant percentage of the respondents were also found to be above age 60 as illustrated in Table 4.5 above. The implication is that people between the ages of 30-40 undertake a lot of travels thereby constituting majority of people who are likely to patronise hotel services.

Another aspect of the demographic characteristics of respondents the study considered was gender. This was to help inform whether there exist some differences between the rate at which males and females patronise hotel services and the results are shown in Table 4.6 below. The findings showed that there were as many male customers (63%) as female customers (57%) enjoying the services of hotels in the Tamale Metropolis.

The implication is that hotel owners need to factor gender needs into the types of services provided so as to meet the expectations of these customers.

Table 4.8: Gender of respondents

Sex	Frequency	Percentages (%)
Male	63	52.5
female	57	47.5
Total	120	100.0

Monthly income of respondents

	Frequency	Percentages (%)
Below Gh 100	17	14.2
Gh101-250	39	32.5
GH251-500 and Above	64	53.3
Total	120	100.0

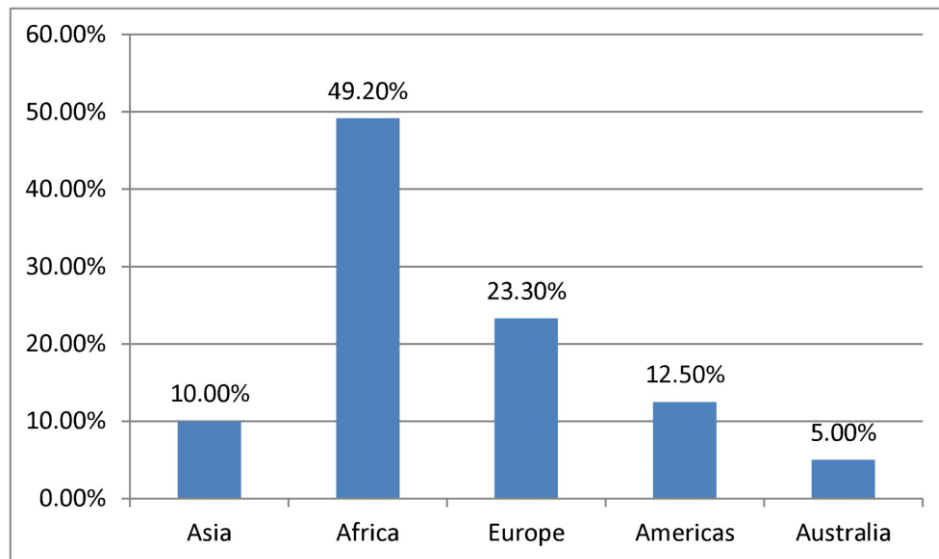
Source: Field data, 2011

Majority of the hotel clients were formally employed with 53.3% receiving a monthly income of Gh¢500 and above. This therefore implies that segmentation of hotel market needs to take into consideration multicultural needs of clients since they are of different nationals as well as diverse religious origins.

The study also analysed the various continents from which hotel clients who were selected for the study came from. On this aspect, it was revealed that 59% of the respondents were of African origin whilst 28% of them were of European origins.

The results are shown in Figure 4.5 below.

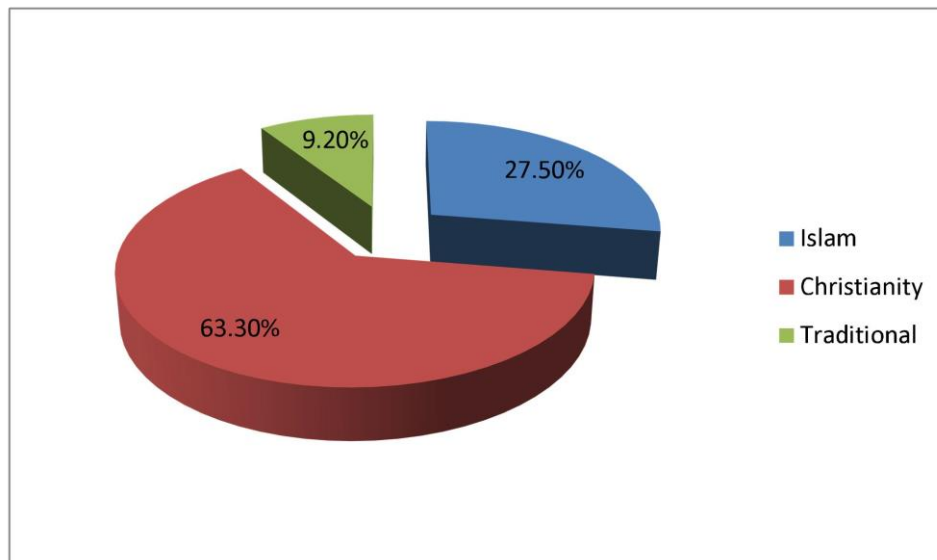
Figure 4.5: Continent of respondents



The results, it could be deduced that most of the clients were of African origin and this could be attributed to the location of the hotel in the continent of Africa. This calls for the need the need for hotels in the hospitality industry to identify the cultural variations of their clients and Africans in particular when segmenting the market.

Similar to the above characteristics of hotel clients the considered by the study was religious customers' religious denomination. Analyses of field data revealed that 76% of the hotel clients selected for the study were Christian whilst 33% of them were Muslims respectively. The results are shown in Figure 4.6 Below.

Figure 4.6: Customers by Religion



Source: Field data, 2011.

The result is indicative that Christians patronise hotel services more than their Muslim counterparts. The implication is that religion influences individual's choice of hotel and this need to be considered when segmenting market of the hotel industry. In order to establish the key elements of consumer characteristics necessary for market segmentation, the study solicited respondents' views on the cultural variables of these respondents and the effects on the demand for hotel services. These respondents were mainly clients who were using the services of the selected hotels at the time of the study. The main cultural variables of the respondents the study considered include the influence of architectural design, interior decoration, cuisine and the location of hotel on the choice of these hotels by customers. Analyses of the results showed that these cultural variables greatly influence consumers' choice of hotels in the Tamale Metropolis (as seen in Table 4.6 below).

Table 4.9.cultural variables that influence hotel choice

Influence of Architecture on choice of hotel

Variables	Frequency	Percentage (%)
Yes	92	76.7
No	28	23.3
Total	120	100.0

influence of Interior decoration on choice of hotel

Variables	Frequency	Percentages
Yes	75	62.5
No	45	37.5
Total	120	100.0

influence of cuisine on choice of hotel

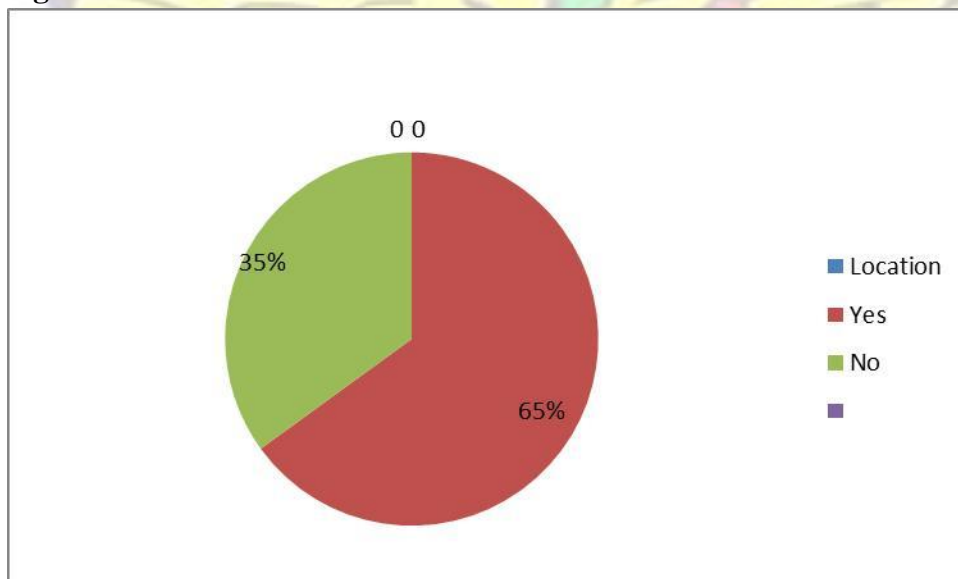
Variables	Frequency	Percentages
Yes	87	72.5
No	33	27.5
Total	120	100.0

Source: Field data, 2011.

Statistically, 76.7% of the respondents selected for the study indicated that architectural designs of hotels influenced their choice for hotel services while 23.3% of them said they were indifferent to that. The indication is that architectural design is an important customer characteristic the needs to be considered when segmenting the hotel market.

Most customers choose services of hotels because of safety and comfort (Abbort and Lewry, 2006). They expect to gain these sense of comfort and safety through the general atmosphere of the rooms and this could be achieved partly through the interior decoration of the hotel room. The findings of the study therefore agreed with views of Abbort and Lewry (2006) as 75% of the respondents said interior decoration did influence their choice of hotels (as illustrated in Figure 4.7 below).

Figure 4.7: Influence of locations on choice of hotel



Source: Field data, 2011.

This implies that hotels are likely to attract more customers if their internal decorations are well done. This therefore constitutes an important cultural factor that needs to be considered in market segmentation strategy in the hotel industry.

Basic among the services hotels provide aside accommodation is food and beverage services. It was therefore prudent to find out if cuisine was a factor that influences a customer to choose a particular hotel. The findings (as seen in the Table 4. 6 above) revealed that 72.5% of the customers involved in the study said cuisine influenced their choice of a hotel while the remaining respondents (27.5%) of this category said it did not influence their choice of hotels. From the analyses, it could be deduced that most customers take the type of services provided by hotels in relation to cuisine seriously and this serves as an important factor in segmenting the market in the hotel industry.

Baker et al, (2000) state that Hotels Can be classified according to where they are located. Relative to the study, views of respondents were sought on whether the locations of hotels in the Tamale Metropolis were relevant to the choice of hotels by customers. As illustrated in the Table 4.6 above, 65% of the respondents considered location of hotels when trying to engage their services whilst 35% of them stated that location was not a factor when choosing a hotel. Those who were leisure seeking preferred those hotels that are located near recreational and scenic places and most of the business quest preferred hotels that are located in the heart of town to facilitate their movement and access to other facilities and services. This view conforms to the assertion of Dolnicar (2003) that convenience of the location is the most important criterion considered by guest choosing a hotel. It is conclusive in this regard that location as a cultural factor needs to be considered when segmenting the market in the hotel industry.

Table 4.10 Psychographic variable

Your attitude level of hotel

Variables	Frequency	Percentages (%)
positive	54	45.0
Neutral	51	42.5
Negative	15	12.5
Total	120	100.0

Benefits seek from Hotel

	Frequency	Percentages (%)
Convenience	19	15.8
Economy	39	32.5
Prestige	27	22.5
Comfort	31	25.8
Security	4	3.3
Total	120	100.0

Source: Field data, 2011.

An individual's attitude level towards a product or service is a major factor in the consumer decision making process for those services (Kotler et al, 2003). The research tried to find out the guests' attitude levels on hotel services and the result showed that most of the hotel guests have positive attitude towards hotels services. For example, 45% of the respondents indicated 'positive' whilst 42.5% of them also indicated 'neutral'. However, the remaining respondents who constituted 12.5% indicated 'negative' to suggest that they would not use services of hotels unless they do not have

other options. Most of the guests with positive feelings were the leisure seeking guests who were out to make funds and socialise whilst the business guests mostly had neutral feelings of the hotel services. Mostly, business people do not choose their own hotels for accommodation as their organisations often do the booking on their behalves. This could, therefore, be the reason behind their neutrality of hotels and their services.

Much the same, four objective variables were presented to the respondents to indicate which kinds of benefits clients are seeking when they visit a hotel. As illustrated in the Table 4.6 above, 32.5% of the respondents indicated 'economy' whilst another 25.8% of them also indicated that they sought comfort when checking into a hotel. Also, 15.8 and 22.5% of the respondents considered conveniences and prestige respectively when choosing a hotel. However, respondents were less interested in security as only 3.3% of them said they considered security when choosing a hotel. From the analyses, it could be generalised that hotel clients are much interested in all the psychographic factors when choosing a hotel except security. This could be attributed to the stable political atmosphere Ghana currently enjoys thereby giving customers assurance of security in the hotel industry.

The last aspect of consumer characteristics necessary for market segmentation the study considered was behavioural factors of hotel clients. This comprises sources of media used, usage situation of hotels, travel components and facilities used by the clients. Analyses of the field data revealed that these characteristics are important for market segmentation in the study area. On the issue of respondents' views on the sources of media used in hotels, 50% of the respondents' indicated that they used newspaper as media facilities whilst 40% of them also said they used internet services. The results are illustrated in Table 4.7 below.

Table 4.11 Sources of media used

Media	Frequency	Percentages (%)
Newspaper	60	50.0
Radio	4	3.3
Television	7	5.8
Internet	49	40.8
Total	120	100.0

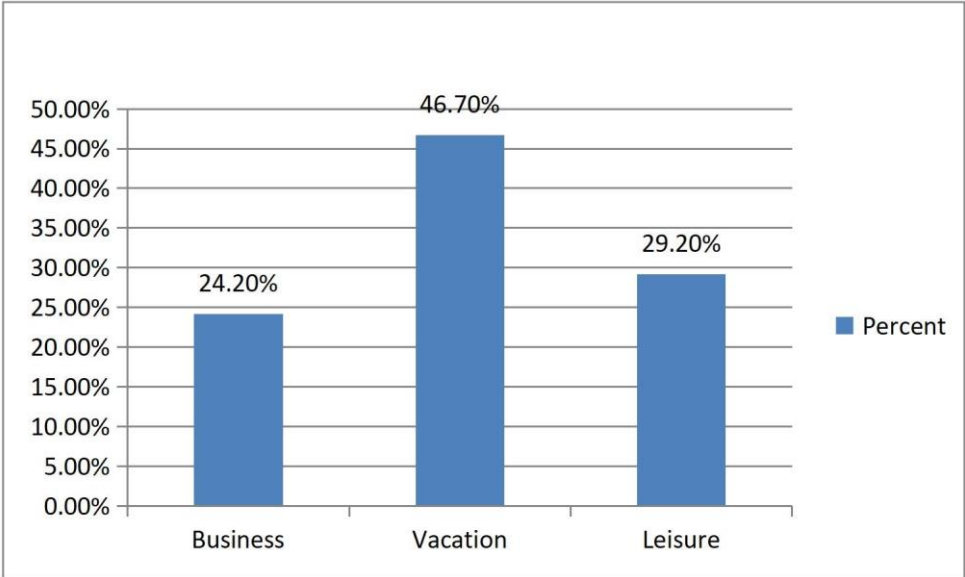
Source: Field data, 2011.

On the other hand, only an insignificant percentage of the respondents were reported to be using radio and television as media facilities when they check into hotel facilities. That is, 3.3% of the respondents indicated that they used radio as a media facility whilst the remaining respondents who constituted 5.8% also reported that they used television. From the analyses, it was observed that majority of clients who used hotel facilities in the Tamale Metropolis were using newspapers and internet facilities. The indication is that with the fast growing globalisation of the world, internet facilities and print media are becoming most dominant in the media landscape. Hence, hotels are likely to experience higher patronage if they provide more of these facilities to their customers.

The second aspect of the behavioural factors in relation to consumer characteristics necessary for hotel market segmentation was usage situation of hotel facilities. That is, whether users of the hotel facilities were doing so for business, vacation or for leisure purposes. As shown in Figure 4.6 below, 24.2% of the respondents revealed that they

were using hotel facilities for business purposes whilst significant amount of 46.7% of the respondents commented that they were vacationers.

Figure 4.8: Usage situation of the hotel



Source: Field data, 2011.

The remaining 29.2% of the respondents indicated that they were using hotel facilities as leisure seekers. It is therefore clear from the above that behavioural characteristics necessary for market segmentation embody business, vacation and leisure as usage situations.

The study considered views of respondents on how other behavioural factors including travel components and facilities considered as critical factors by clients and the results illustrated on Table 4.8. The results indicated that 33.3% and 18.3% of the respondents indicated 'individual' and 'couple with children' respectively. In addition, 29.2% of the respondents said they travel without children with the remaining 19.2% of them also indicating that they travel with business partners and used hotel facilities together.

Table 4.12: Travel components and facilities used

Travel Component

	Frequency	Percentage (%)
Individual	40	33.3
Couple with children	22	18.3
Couple Without Children	35	29.2
Business with business colleagues	23	19.2
Total	120	100.0

Table 4.13 Continues on Facilities Used

Facilities used by clients	Frequency	Percentage (%)
Gym	7	5.8
Tennis Court	22	18.3
Swimming pool	23	19.2
Restaurant	41	34.2
Conference Room	18	15.0
Football pitch	7	5.8
Table tennis	2	1.7
Total	120	100.0

Source: Field data, 2011.

Further analyses of the data showed that of the various facilities used by the hotel guests, 34.2% of the respondents indicated that they used restaurant facilities whilst 18.3% of them also revealed that they used tennis facilities in their respective hotels.

Similarly, 19.2% of the respondents indicated that they used swimming pool whilst 15% also said they used conference facilities. From the above analyses, it could be observed that restaurants, tennis courts and swimming pools were the facilities highly demanded for use by most clients of hotels in the Tamale Metropolis with table tennis being list facilities used by the hotel clients. However, it is also imperative to note that all facilities identified were fairly used by the customers indicating that they constitute important consumer characteristics necessary for market segmentation in the hotel industry. In effect, this calls for concerted effort by hotel owners to ensure that the above stated facilities are adequately provided to meet the needs of their customers.



CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

This section presents overview of the study, summary of findings, conclusions and recommendations based on the respondents' views on the factors influencing market segmentation in the hospitality industry in the Tamale Metropolis.

5.2 Overview of the Study

The purpose of the research was to identify the factors influencing market segmentation in the Ghanaian hospitality industry in the Tamale Metropolis. Market segmentation is one of the fundamental principles of marketing given the fact that firms cannot serve all of their customers in a market because of diverse (heterogeneous) needs and preferences. The basic tenet of market segmentation is that a heterogeneous group of customers can be grouped into homogeneous groups or segments exhibiting similar wants, preferences, and buying behaviour. The study was designed to address a number of issues: Identify the criteria used by hotels in Tamale Metropolis in segmenting their markets; Examine the segmentation variables that are important in the hotel industry; Determine the effect(s) of the criteria identified on the performance of hotels in the Tamale Metropolis; Establish the relevant consumer characteristics necessary for segmentation of hotels in the Tamale Metropolis for competitive advantage.

The four hotels were used as case study because they contained all the necessary characteristics of a hotel needed to inform the study. Due to resource and time constraints, a sample of twenty hotel staff (four from each hotel) and one hundred and forty customers were purposefully selected for the study. It should be noted that the

study was conducted on market segmentation in hotels. Therefore the application of the conclusions on market segmentation in different sectors of the economy may not be valid. Secondly, only four hotels out of the several hotels in the metropolis were selected for the study because of resource and time constraints. Therefore, there is some chance that certain issues were not captured. However, since the hotel customers, hotel staff and the local community communicated among themselves freely, it could reasonably be expected that the opinions expressed by the respondents fairly represented the opinion of the general hotel users in the metropolis. It may also be rightly argued that the conclusions of the case study of the four hotels are not applicable to all hotels in the Metropolis

5.3 Summary of Major Findings

- With regard to the criteria used by hotels in segmenting the market in the Metropolis, it was revealed that majority of the hotel segmented based on market and not products or types of services rendered. The study again established that size of market and market measurability were also considered as criteria for hotel market segmentation in the Metropolis.
- Further analyses of the field data obtained from the respondents revealed that the demographic and psychographic factors featured more prominently in the market segmentation variables than behavioural and geographic factors. It was however noted from the responses that the ratings did not differ so much, giving the indication that all the variables were considered important in segmenting the hotel market in the Metropolis.

- On the issue of effects of market segmentation criteria on hotel performances, the results of the field data indicated that majority of the respondents (75%) agreed that market segmentation leads to an increase in revenues of hotels in the study area thereby leading to an increase profitability of their businesses.
- The study also established that market segmentation had the tendency of encouraging competition among the hotels in the Tamale Metropolis with the net effect of compelling the players in the industry to provide quality service to customers. Analyses of the results on the effects of market segmentation on the performance of hotels was found to be positive as 65% of the respondents agreed that this could lead to an improvement of performance among hotels in the study area.
 - Analyses of field results on consumer characteristics was indicative that most hotel users were between the ages of 30-49 with male customers being 63% and female customers also representing 37%. On the aspect of the continents of origin of the customers selected for the study, it was revealed that 59% of them were of African origin whilst 28% of them were of European origins with 76% and 33% of them being Christians and Muslims respectively.
 - Majority of the hotel clients were formally employed with 53.3% of them receiving a monthly income of GH¢500 and above. The study also found most hotel clients as being influenced by the architectural designs and location of hotels thereby influencing their choice for those hotels. The study was also of the view that hotel clients were much interested in all the psychographic factors when choosing a hotel but less interested in security.

- The study further revealed that most hotel clients in the Tamale Metropolis were leisure seekers, vacationers and business people with majority of these customers demanding newspapers, internets, restaurants, tennis courts and swimming pools facilities in the various hotels of occupancy.

5.4 Conclusion

The study attempts to examine factors influencing market segmentation in the hotel industry in the Tamale Metropolis. Specific issues the study considered were to identify the criteria used by hotels in segmenting their markets, examine the segmentation variables that are important in the hotel industry and also determine the effect(s) of the criteria identified on the performance of hotels as well as the relevant consumer characteristics necessary for segmentation of hotels in Tamale Metropolis. The study revealed that most hotels in the Metropolis were using market segmentation as a marketing strategy and this segmentation was done using type of market as a criterion and not products or types of services rendered.

The study further revealed that the demographic and psychographic factors featured more prominently in the market segmentation variables than behavioural and geographic factors. The study concludes that market segmentation was necessary for the effective performance of hotels in the Tamale Metropolis as it brought about effective competition among hotels thereby leading to the provision of quality services to their customers.

□

5.5 Recommendations and Implication for Further Research

On the bases of the above findings, the study makes the following recommendations:

It is recommended that market segmentation as a marketing strategy should be taken seriously by players in the hotel industry since it helps to regulate the market size and also promote quality service delivery and competition among hotels.

- The study established that age is an important demographic variable for market segmentation criterion design and that most hotel clients are youthful. On the basis of this, the study recommends that the hotel industry should encourage its members to provide enough recreational facilities to meet the needs of their clients.
- In addition, the study recommends that in their attempt to segment the market, the hotel industry should take into consideration the types of products or services rendered. This will help to ensure that hotels concentrate on their core businesses so as to prevent members from operating into areas that are not related to activities of the industry.
- The study further recommends that hotels should take architectural designs and internal decorations of their facilities serious since the choice of most hotel clients are influenced by these facilities.
- Though the study established that most of the hotel staff attained tertiary level of education, they could not demonstrate adequate professional competencies in relation to hotel management. It is, therefore, the recommendation of this study that staff in the hotel industry should see hotel management as a

- profession and go in for appropriate academic programmes that could equip them with the requisite knowledge and skills to perform better.
- The study was limited to selected hotels within the Tamale Metropolis. A further study that involves more hotels and wider study population may bring



out the picture on factors influencing market segmentation more clearly; hence further research in this regard is required.

- The results also indicated that two factors to consider in implementing market segmentation strategy in the hotel industry are location and expert staff. Further study could be done to find out issues that affect hotel location decisions.



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APPENDICES

APPENDIX A: QUESTIONNAIRE ON HOTEL CLIENTS

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF SOCIAL SCIENCE

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

QUESTIONNAIRE FOR HOTEL CLIENTS

I am Master of Business Administration (MBA) student in Kwame Nkrumah University of Science and Technology Business School researching in to the “**Factors influencing market segmentation in the Hospitality industry in Tamale Metropolis**” for which your establishment is a case study.

You are kindly requested to answer the following questionnaire. I wish to assure you that all information thus provided is purely for academic and research analysis and nothing else. Utmost confidentiality will be exercised with respect to any such information provided. Your cooperation in this regard will be very much appreciated.

Thank you.

INSTRUCTION

Please tick [] the appropriate column of the variables that realistically apply to you or provide brief answers where possible to the best of your knowledge.

SECTION A. BACKGROUND INFORMATION

1. Sex [] male [] female
2. What is your educational qualification

[] No formal education

KNUST



[]

[]

[]

Basic education

Secondary / Vocational/ Technical

graduate (Polytechnic & University)

[] Others (specify).....

3. How long have you been working with the hotel?

[] 0-5years

[] 6 -10years

[] 11 years above

4. Indicate your employment status

[] full time

[] part time

5. Which department and office do you work?

.....
.....
.....

6. What is your position in the office that you work?.....

.....
.....

.....**SECTION B: MARKET SEGMENTATION**.....

7. Do you have any idea about market segmentation

[] Yes

[] No

Please answer the following questions if your answer in 7 above is yes.

8. Do your hotel have a market segmentation strategy Yes No

9. Your hotel segmentation is market based and not product based

I strongly agree

I agree

Neither agree nor disagree

I Disagree

I strongly disagree

10. Which of the following criteria of segmentation does the hotel favor most?

size of market

measurability

accessibility

growth potential

differential responsiveness

11. How long have the hotel used the criteria you have selected in question ten

(10) above?

below 2years

2-4years

above 5years

12. Which of the following factors is mostly used by your hotel in its segmentation program?

behavioral

geographic

demographic

psychographic

13. Which is the most important of these variables relating to your hotel segmentation criteria?

use rate

loyalty

benefits sort

income buyer

readiness

14. What were the most important sub variables that were considered in the segmentation of the

market?

.....

.....

.....

.....

15. What do you think is/are the effects of market segmentation on the performance of the hotel?

market segmentation enhances my hotel performance as corporate entity

market segmentation adds nothing to my hotel performance

market segmentation do not have any relationship with corporate performance

other (specify).....

.....

16. Does market segmentation have influence on the revenue of your hotel in any way?

Yes market segmentation has positive influence on our revenue

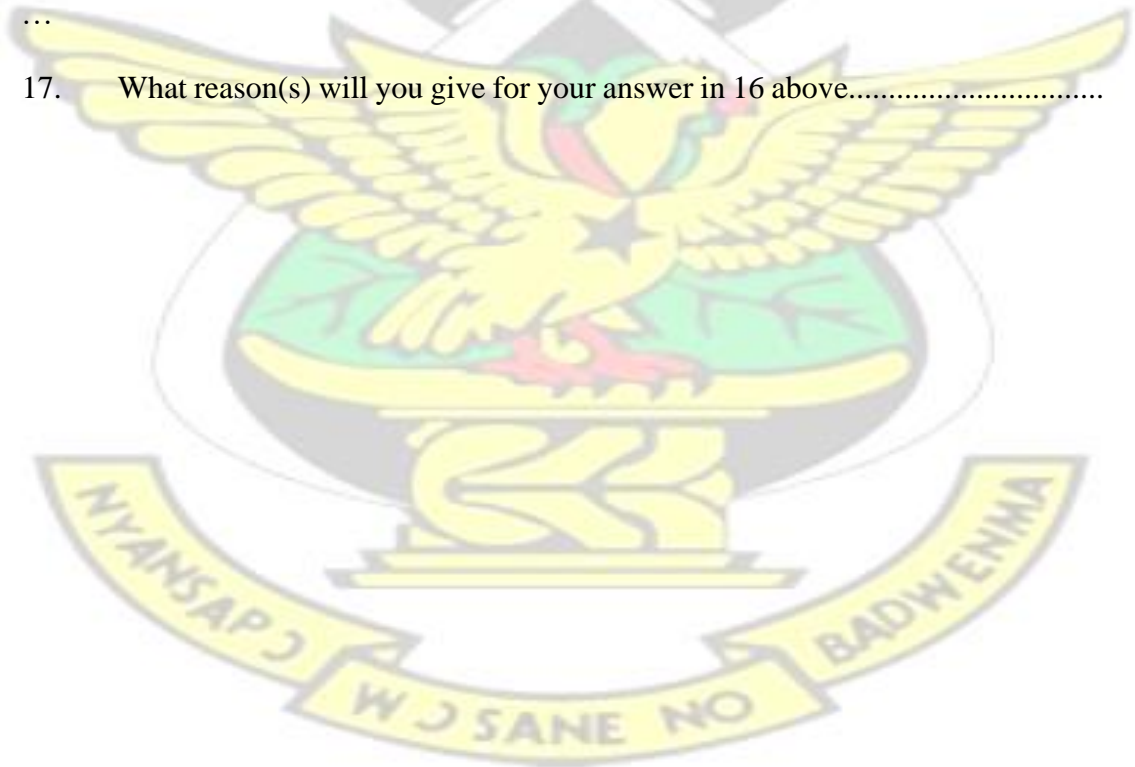
No market segmentation has no influence on our revenue

market segmentation has negative influence on our revenue

others (specify).....

.....

17. What reason(s) will you give for your answer in 16 above.....



.....
.....

18. What will you like to change about your segmentation criteria given the chance?.....

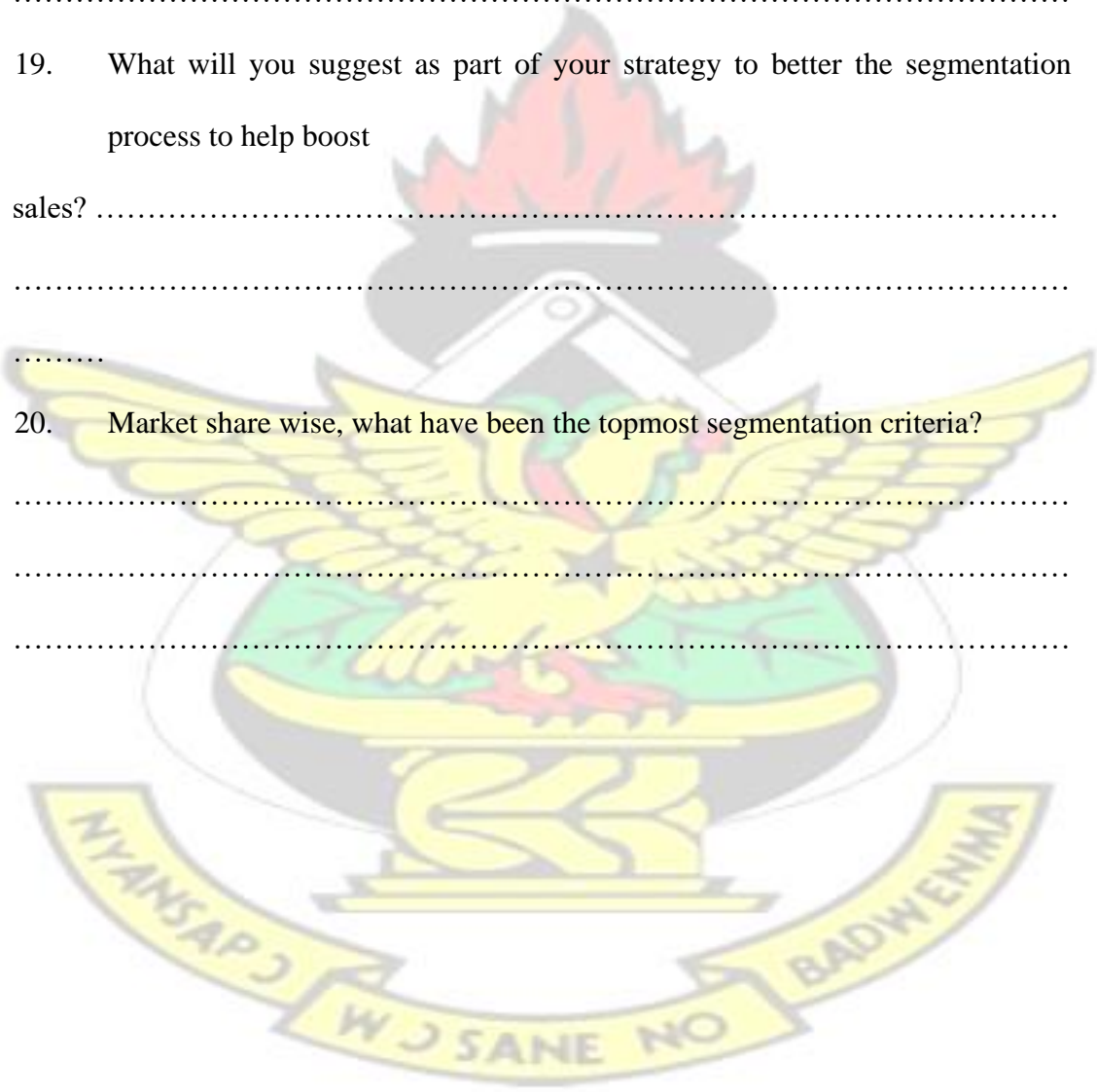
...
.....
.....

19. What will you suggest as part of your strategy to better the segmentation process to help boost sales?

.....

20. Market share wise, what have been the topmost segmentation criteria?

.....
.....
.....



KNUST

[]

APPENDIX B: QUESTIONNAIRE ON HOTEL STAFF

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF SOCIAL SCIENCE

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

QUESTIONNAIRE FOR HOTEL STAFF

I am a master of Business Administration (MBA) student in Kwame Nkrumah University of Science and Technology Business School researching in to the “**Factors influencing market segmentation in the Hospitality industry in Tamale Metropolis**” for which your establishment is a case study.

You are kindly requested to answer the following questionnaire. I wish to assure you that all information thus provided is purely for academic and research analysis and nothing else. Utmost confidentiality will be exercised with respect to any such information provided. Your cooperation in this regard will be very much appreciated.

Thank you.

INSTRUCTION

Please tick [] the appropriate column of the variables that realistically apply to you or provide brief answers where possible to the best of your knowledge.

SECTION A: BACKGROUND INFORMATION

1. Sex [] male [] female
2. What is your educational qualification

No formal education

Basic education

Secondary / Vocational/ Technical

graduate (Polytechnic & University)

Others (specify).....

3. How long have you being working with the hotel?

0-5years

6 -10years

11 years above

4. Indicate your employment status full time part time

5. Which department and office do you work?

6. What is your position in the office that you work?.....

SECTION B: MARKET SEGMENTATION

7. Do you have any idea about market segmentation Yes No

Please answer the following questions if your answer in 7 above is yes.

8. Do your hotel have a market segmentation strategy Yes No

9. Your hotel segmentation is market based and not product based

I strongly agree

I agree

Neither agree nor disagree

I Disagree

I strongly disagree

10. Which of the following criteria of segmentation does the hotel favor most?

[]

[] size of market

[] measurability

KNUST



- accessibility
- growth potential
- differential responsiveness

11. How long have the hotel used the criteria you have selected in question ten (10) above?

- below 2years
- 2-4years
- above 5years

12. Which of the following factors is mostly used by your hotel in its segmentation program?

- behavioral
- geographic
- demographic
- psychographic

13. Which is the most important of these variables relating to your hotel segmentation criteria?

- use rate
- loyalty
- benefits sort
- income
- buyer readiness

14. What were the most important sub variables that were considered in the segmentation of the market?

.....

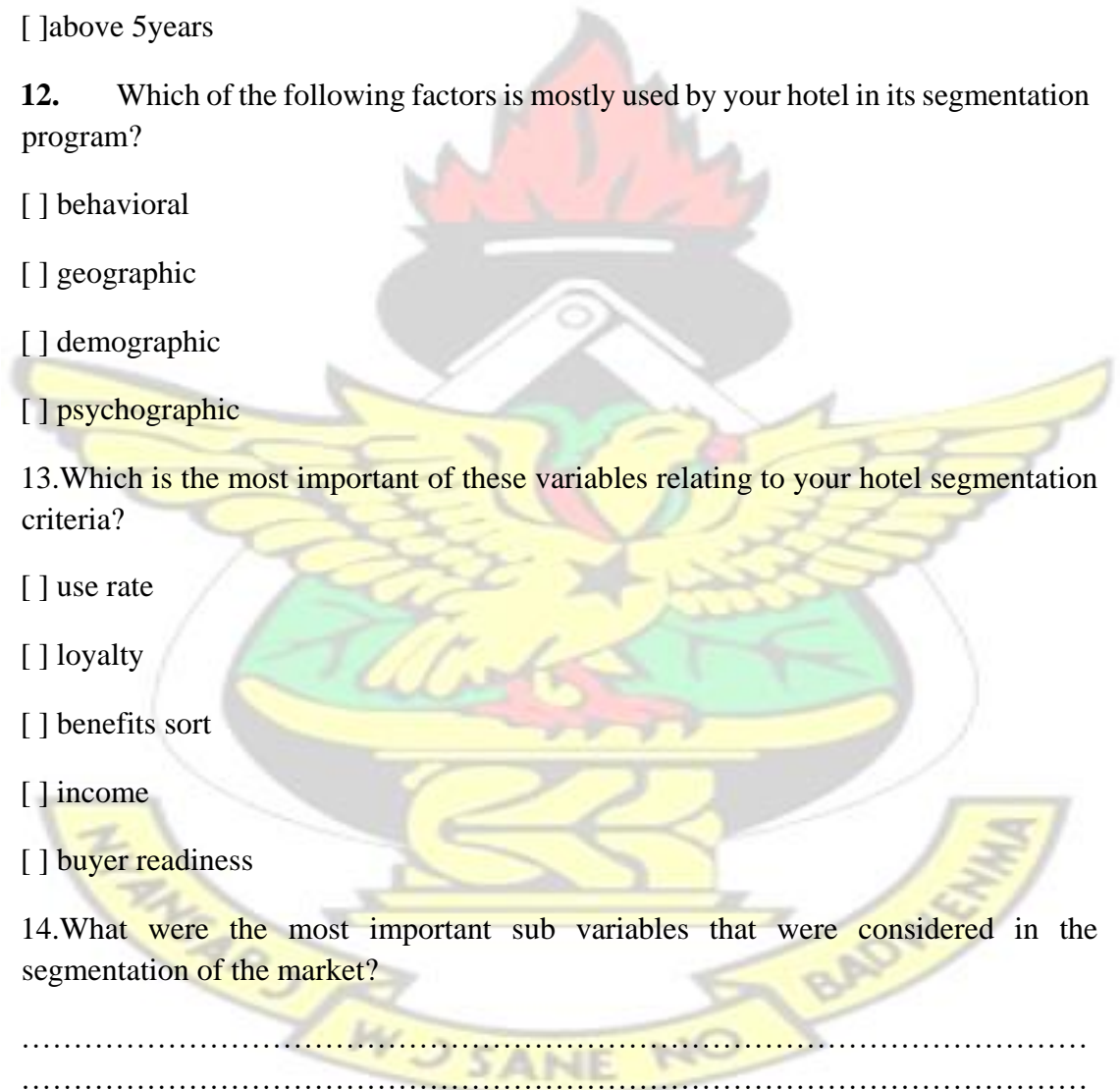
.....

.....

15. What do you think is/are the effects of market segmentation on the performance of the hotel?

- market segmentation enhances my hotel performance as corporate entity

KNUST



[]
[] market segmentation adds nothing to my hotel performance

market segmentation do not have any relationship with corporate performance

[] other (specify).....

16. Does market segmentation have influence on the revenue of your hotel in any way?

[] Yes market segmentation has positive influence on our revenue

[] No market segmentation has no influence on our revenue

[] market segmentation has negative influence on our revenue

[] others (specify).....

17. What reason(s) will you give for your answer in 16 above.....

18. What will you like to change about your segmentation criteria given the chance?

19. What will you suggest as part of your strategy to better the segmentation process to help boost sales?

20. Market share wise, what have been the topmost segmentation criteria?