

**PHILOSOPHY AND THEORY OF MARKET SEGMENTATION AND ITS  
PRACTICAL APPLICATION IN NIGERIAN PRIMARY EDUCATION SERVICES  
INDUSTRY IN KANO STATE**

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**ABSTRACT:** *Market segmentation is customer-oriented philosophy. It is a technique of recognizing effectively the differences among customers. It is well-tested system for guiding marketing strategy. It enables primary education services industry to offer quality services and results-based education. The paper examines the theory and philosophy of market segmentation and its application in basic education (primary Education) services industry in Kano state. It begins with the critical analysis of market segmentation from theoretical and empirical perspectives. It highlighted some principles of market segmentation in the lights of dynamics in primary education industry in Kano state. Finally, it discusses the major areas of market segmentation that could be explored by the sector to bring about positive return on investment.*

**KEYWORDS:** Market Segmentation, Target Market, Primary Education

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## **INTRODUCTION**

Education is seen as a key instrument for achieving Nigeria's national development goals of sustained, equitable socio-economic development and the eradication of poverty (FME 2004; FME 2009; FME 2011). Basic education includes ECCE, which currently very few children participate in, followed by nine years of compulsory schooling (six year primary and three year junior secondary). Basic education also includes non-formal education (NFE), such as adult literacy programmes and special programmes directed at nomadic and migrant children, for example. Given the ever-increasing demands for basic education, the government now explicitly acknowledges the need to include non-state providers as a means of achieving its educational aims, provided they meet government standards (FME 2004). These include for-profit schools, religious schools (generally Muslim or Christian) that include some secular subjects in their curriculum, and voluntary or community-based institutions.

According to NPE (2007):*Government welcomes the contributions of voluntary agencies, communities and private individuals in the establishment and management of primary schools alongside those provided by the state and local governments, as long as they meet the minimum standards laid down by the Federal Government (p.17).*

Economic status also plays a pivotal role in who attends school, with only 31% of primary-age children from families in the bottom income quintile attending school (down from 40% in 2004), compared to 82% in the top income quintile (down slightly from 83% in 2004) (NPC and RTI International 2011). The activity of marketing and the concept of the market (Education industry inclusive) are inextricably linked. If an organization is to enjoy any level of marketing success,

this is through an ability to match its own capabilities to the requirements of the market place. Central to this matching process is the segmentation of the market (Jenkins & McDonald, 1995:5).

This paper highlights the definition and major basis of market segmentation and its application in basic education in Kano state. This research paper is broadly divided into four parts. First part deals with the steps of market segmentation and its basis. Second part deals with the benefits of market segmentation. Third part includes the theoretical and empirical evidences in favour of market segmentation application in primary education in Kano state. Fourth and the last part discuss about the conclusion

### **Conceptual Framework: Market Segmentation**

The term “market segmentation” refers to subdividing a market along some commonality, similarity, or kinship. That is, the members of a market segment share something in common. The purpose of segmentation is the concentration of marketing energy and force on the subdivision (or the market segment) to gain a competitive advantage within the segment (Thomas, 2007:2). Smith (1956) is widely cited as providing the basis for the concept of market segmentation as it is applied today. An overview of the literature on market segmentation underlines the view that markets, and their segments, are clusters of potential customers (*e.g.* Kotler, 1991; Tynan & Drayton, 1987). Wind (1978) summarises market segmentation as a proactive process (managers purposefully identify segments) involving the application of analytic techniques to identify these segments:

*"Realising the potential benefits of market segmentation requires both managerial acceptance of the concept and an empirical segmentation study before segmentation can begin."*

Market segments can be characterized in different ways on way to characterize the preferences of the target customers; homogeneous preferences, referring to customers that roughly have the same preferences. Secondly there are diffused preferences which mean that the customers vary in their preferences and finally clustered preferences which mean that the natural market segments emerge from groups of consumers with shared preferences (Kotler and Keller, 2009: 249).

The basic premise of market segmentation is that a heterogeneous group of customers can be grouped into homogenous clusters or segments, each requiring differing applications of the marketing mix to service their needs. When talking about market segmentation it is necessary to briefly mention the three areas of marketing which is to be taken into consideration when market a product.

The first area is mass marketing. It covers the area of mass producing, mass distributes and mass promotes on product to all buyers (Gunter and Furnham, 1992:2). However, marketers have realized the great variety in each individual customer and therefore the market segmentation is a helpful tool for the marketers to customize their marketing programmes for each individual customer (Dibb and Simkin, 1996:4). The second area is product differentiated marketing. The marketer produces two or more products that display different features, styles, quality, sizes etc.

The third, and dominating, area is target marketing. The marketer distinguishes among a variety of market segments, chooses one or more of the segments and then develops products and marketing mixes customized to each segment (Gunter and Furnham, 1992: 2).

## **BENEFITS OF MARKET SEGMENT**

If applied properly market segmentation offers firms the following benefits.

1. Identification and separation of the market allows the company to know who to analyze in their efforts to better understand the potential and actual customer.
2. A detailed analysis and understanding of the market allows a firm to develop and implement a marketing mix that is tailored to the specific needs of the market.
3. Identification of the market allows a company to assess potential demand for its products. For example, the total market for a Braille machine to be sold in schools can be determined by determining the number of blind people in schools.
4. Knowing the market allows firms to identify competing products in their specific markets, and develop responsive competitive positions.
5. Targeting a market segment with a marketing mix customized for specific market needs increases the likelihood of sales effectiveness and cost effectiveness in reaching the market.

## **TARGET MARKETING**

According to Kotler and Keller, (2013) “After analyzing opportunities abounding in market segments and choosing the bases for which to segment the market for example, demographic, geographic, psychographic etc) and identifying the descriptors in each market segment for example, age, gender, social class, lifestyle, region, benefit sought, personality, values, etc), the next task is a six factor assessment of determining:

1. The size of each segment and its potential for growth
2. The opportunities in all segment and each segment identified.
3. Purchase frequently and potential for loyalty
4. The objective which the firms sought to achieve
5. The resources at the disposal of the firm and
6. The attractiveness of and competitiveness within each segment”.

### **Application of Market Segmentation in Nigerian Basic Education (Primary Education)**

Public and private primary education sector providers in Kano state can use market segmentation to achieve growth in the number of customers (school enrolment and attendance); realize a higher return on investment (ROI) in materials and services; and increase the utilization of their resources (e.g., books, etc.).

This is based on the premise that Businesses are successfully using market segmentation to better reach profitable customers; Education providers can successfully use market segmentation to better reach prospective underserved and underprivileged children (CIVIC Technologies, 2013).

There are two broad providers of basic education in Kano state public and private sector. Across Nigeria and Kano state in particular, around a quarter of primary school pupils are enrolled in private schools, some of which are religious (NPC and RTI International 2011). Quality and price are more important factors for wealthier households. The main reason for choosing private over public schooling is that parents/guardians *perceive* private schools to be better quality (Härmä 2011 and 2013; NPC and RTI International 2011) and have become disenchanted with the quality of schooling on offer in the public sector (FME 2005; Härmä 2013).

Certainly, low-fee private schooling offers several advantages over public schooling, including: a greater combined provision of pre-primary with primary schooling (Urwick 2002; Tooley *et al.* 2005); generally lower PTRs; and greater teacher accountability to parents (Tooley *et al.* 2005; Härmä 2011, 2013), although the percentage of qualified teachers is likely to be lower (FME 2005; Härmä 2011a). An additional draw of private education is that it often offers English as the Medium of Instruction (MOI) throughout primary school (thus ignoring the ‘mother-tongue’ policy for years 1 to 3) (Onuka and Arowojulu 2008; Salami 2008), with the social advantages that is perceived to bring.

A survey of the parents of children in private secondary schools by Adebayo (2009) explores the reasons for these parents’ choices, finding that parents perceived private schools to provide better quality education because of better motivated teachers and better facilities. In an examination of the factors that determine parents’/guardians’ patronage of private primary schools in Kano State, studies, found the following considerations to be most important: teachers’ perceived dedication to work; the high level of discipline among teachers and pupils; the early opportunity to train a child; good physical facilities; and teaching and use of English as the MOI. Cost did not deter parents from enrolling their wards or children once the above factors were present.

The midline survey carried out in Kano, Lagos, and Nasarawa for the USAID COMPASS project (Keating 2007) found that private schools were much more likely to have basic infrastructure and furniture than public schools, although fewer than 10% of both public and private schools had any basic instructional materials. The argument that private schools generally have better infrastructure is backed up more broadly with results from the 2010 NEDS. Parents/guardians were questioned on whether they perceived primary schools to have big, small or no problems with school buildings and facilities, classroom overcrowding, and pupil safety. Parents/guardians of children who went to private school were four to five times less likely to consider these issues serious than parents/guardians of children in public schools (NPC and RTI International, 2011).

## DISCUSSION

Based on the empirical evidence adduced in the preceding section, it can be argued that principles of Market segmentation can be applied in the education industry in Kano state in order to drive return on investment in the sector. The demand of basic education coupled with the public concerns for quality and relevance, education providers in Kano state can effectively utilize the principles and theory of market segmentation to maximize public patronage.

According to Charles, Lamb and McDaniel (2003), the first step in segmenting markets is to “select a market or product category for study”. It may be a market in which the firm has already occupied a new but related market or product category, or a totally new one. The second step is to “choose a basis or bases for segmenting the market”. This step requires managerial insight, creativity and market knowledge. There are no scientific procedures for selecting segmentation variables. However, a successful segmentation plan must produce market segments which meet the four basic criteria: “substantiality, identifiability, accessibility, and responsiveness”.

The third step is “selecting segmentation descriptors”. After choosing one or more bases, the marketer must select the segmentation descriptors. Descriptors identify the specific segmentation variables to use. The fourth one is to “profile and analyze segments”. The analysis should include the segment’s size, expected growth, purchase frequency, current brand usage, brand loyalty, and long-term sales and profit potential. This information can then be used to rank potential market segments by profit opportunity, risk, consistency with organizational task and objectives, and other factors which are important to the company. The fifth step is to “select target markets”. This step is not a part of the segmentation process but a natural result of it. It is a major decision that affects and often directly determines the firm’s marketing mix. The last one is “designing, implementing and maintaining appropriate marketing mixes”. The marketing mix has been described as product, distribution, promotion and price strategies which are used to bring about mutually satisfying relationships with target markets.

Roger (1990) proposes a framework for implementing a market segmentation strategy. He suggests a set of sequential steps to be taken in a needs-based segmentation process the primary benefit of needs based segmentation is that segments are created around specific customer needs. The goal is to determine what observable demographics and behaviours differentiate one segment from another in order to make need-based market segmentation actionable.

## CONCLUSIONS

Segmentation often involves the use of advertising and promotion. It is a merchandising strategy. The process begins with a basis of segmentation –a product –specific factor that reflect differences in consumers’ requirements or responsiveness to marketing variables (Possibilities are purchase behaviour, usage, benefit, sought, intentions, preference, or loyalty). Segmentation is well applicable in the Nigerian primary education sector. Segmentation and differentiation in the sector has brought about access and easy identification of class in urban and rural areas among clients. Primary education in private school is more expensive than secondary and tertiary education in Nigeria.

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