SAINT MARY'S UNIVERSITY

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DEPARTMENT OF MARKETING MANAGEMENT

THE EFFECT OF TARGET MARKETING STRATEGIES ON COMPETITIVE ADVANTAGE: THE CASE OF ZEMEN BANK SC.

BY: SAMRAWIT AYALKBET

February 2025

Addis Ababa, Ethiopia

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A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF SAINT MARY'S UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
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THESIS TITLE

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APPROVED BY BOARD OF EXAMINERS

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External Examiner   Signature

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DECLARATION

I, Samrawit Ayalkbet, hereby declare that the thesis entitled "**The effect of target marketing strategies on competitive advantage in the case of Zemen bank**" submitted for the award of the degree of master of **marketing management** in Saint Mary's University is my original work and it has not been presented for the award of any other degree, diploma, fellowship or other similar titles in any other university or institution and all reference materials contained therein have been duly acknowledge.

_____   _____   _____

Candidate's Name   Signature   Date

CERTEFICATION

I certify that the research project with the title of "The effect of target marketing strategies on competitive advantage in the case of Zemen bank" was undertaken and completed by Ms. Samrawit Ayalkbet and the research project has been submitted for examination with my approval as university advisor.

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Advisor's Name   **Signature**   **date**

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This thesis is a testament to the collective efforts of everyone mentioned above, and I am truly grateful for their contributions.

Contents

LIST OF ACRONYMS

ANOVA - Analysis of Variance

CLRM - classical linear regression model

KPIs - key performance indicators

S.C - Share Company

SPSS - Statistical package for Social Science

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ABSTRACT

This study examined the effect of target marketing strategies on competitive advantage. The study employed descriptive and explanatory research design in order to show the influence of predictor variable (Niche Market, Behavioral Targeting, Differentiation Strategy, Psychographic Targeting) on predicted variable competitive advantage. The data for the study was collected from 371 respondents using self-administered questionnaires and responses of survey data were processed using SPSS.20. Based on data collected from the survey of respondents in the bank, the result indicates that, niche marketing and differentiation strategies significantly enhance competitive advantage, while behavioral and psychographic targeting contribute to increased customer engagement and retention. In order to enhance target market strategy, the bank efficiently focus on increasing the implementation of niche marketing strategies, invest in behavioral targeting to better understand customer preferences and spending habits, Increase the use of digital marketing channels, particularly social media, to reach younger, tech-savvy customers and continuously monitor market trends and customer behaviors to adapt marketing strategies proactively.

Keywords; *Market, competitive advantage, Niche marketing, Behavioral targeting, Differentiation strategy, Psychographic targeting*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In a highly competitive financial services industry, banks continuously seek innovative strategies to differentiate themselves and secure a competitive advantage. Target marketing strategies have gained prominence as they enable financial institutions to identify, understand, and effectively address diverse customer needs. By leveraging niche marketing, behavioral targeting, differentiation strategies, and psychographic targeting, banks can enhance their market position and build lasting customer loyalty (Kungu & Ngui, 2014).

Recent studies have expanded the discourse on target marketing and its impact on competitive advantage. According to Akter et al. (2022), the integration of digital technologies in target marketing strategies significantly enhances banks' ability to tailor their services based on customer data analytics. The study highlights the role of artificial intelligence and machine learning in segmenting customer bases and delivering highly personalized financial products.

A study by Olbara (2011) emphasizes the importance of brand positioning as part of niche marketing, arguing that banks that establish themselves as specialists in certain financial services attract a more loyal customer base and experience reduced competition. This aligns with earlier findings by Jeannet & Hennessey (2005), which suggest that well-executed niche marketing strategies create formidable market entry barriers for competitors.

Moreover, niche marketing, which focuses on catering to specific and underserved market segments, allows banks to tailor their products and services to meet the unique needs of smaller groups. For example, specialized accounts for senior citizens, small business owners, or environmentally conscious customers highlight how banks use this strategy to establish themselves as leaders in particular niches. Niche marketing not only increases relevance but also fosters customer trust, leading to enhanced competitive advantage (Mao, Chen, Jiao, et al., 2019).

Similarly, behavioral targeting employs customer data to analyze and predict patterns in consumer behavior. Banks use this strategy to offer personalized experiences, such as loan recommendations based on spending patterns or tailored financial advice. Such precision in targeting increases customer engagement and satisfaction, solidifying the bank's reputation and enhancing competitive advantage (Nadeem, 2020).

Research by Kotler & Keller (2019) underscores the significance of differentiation strategies in financial services. Their study provides evidence that banks offering innovative digital banking services, superior customer service, and value-added financial products can create a sustainable competitive advantage. The findings are consistent with those of Aboul-Dahab et al. (2021), a differentiation strategy, central to competitive advantage, involves creating unique offerings that set a bank apart from its competitors. For instance, innovative digital banking services, superior customer service, or exclusive loyalty programs can significantly enhance a bank's appeal. Differentiation through value-added services ensures that customers perceive the bank as distinct and preferable, driving customer acquisition and retention.

In addition, psychographic targeting delves into customer lifestyles, values, and interests to develop highly personalized marketing messages and products. By aligning their offerings with the psychographic profiles of their customers, banks can create emotionally resonant connections. For example, promoting sustainable banking solutions to environmentally conscious individuals demonstrates how banks can align with customer values to build stronger relationships and gain a competitive edge (Manag., 2020).

Additionally, a study by Grönroos (2020) highlights the role of relationship marketing in psychographic targeting. Banks that develop strong emotional connections with their customers through value-driven campaigns and corporate social responsibility initiatives are more likely to retain customers and achieve long-term competitive success.

Together, the cumulative impact of these strategies directly influences a bank's competitive advantage. Competitive advantage in banking is typically reflected in increased customer loyalty, higher profitability, and stronger market positioning. By adopting targeted marketing approaches,

banks not only address specific customer needs but also create significant barriers for competitors (Jeannet & Hennessey, 2005).

Despite the growing research on target marketing strategies in the banking sector, Aboul-Dahab et al. (2021), Akter et al. (2022), Olbara (2011), and Hassna and Lowry (2016) identify notable research gaps that remain unaddressed. Existing literature focuses on individual components such as customer segmentation and digital transformation but often overlooks a holistic analysis of niche marketing, behavioral targeting, differentiation strategies, and psychographic targeting as interrelated variables influencing competitive advantage.

This study examines the specific dimensions of competitive advantage in the context of Zemen Bank S.C., providing a more nuanced understanding of the relationship between these variables. Therefore, the study seeks to examine how niche marketing, behavioral targeting, differentiation strategies, and psychographic targeting influence the competitive advantage of banks.

1.2 Statement of the problem

Zemen Bank, a leading financial institution in Ethiopia , presents a unique case for studying the role of target marketing in banking competitiveness. Unlike traditional banks that focus on mass-market banking, Zemen Bank operates a unique business model emphasizing a corporate and high-net-worth individual (HNWIs) customer base, premium banking services, and a strong digital banking focus (Zemen Bank, 2024). This strategic positioning sets it apart from competitors and makes it an ideal case for examining how niche marketing, behavioral targeting, differentiation, and psychographic targeting contribute to competitive advantage.

In today's competitive business environment, banks are increasingly looking for strategies that allow them to maintain and enhance their competitive advantage (Malhotra, 2018). Zemen Bank faces significant challenges in effectively reaching and retaining its customers amidst growing competition in the banking sector (Shewaferaw, 2024). One of the key strategies employed by many businesses to achieve this goal is target marketing, which involves tailoring products, services, and marketing efforts to specific customer segments. However, there is a lack of sufficient research on how target marketing strategies specifically impact the competitive advantage of banks in Ethiopia, particularly Zemen Bank.

The banking sector in Ethiopia is experiencing rapid growth and diversification, with new entrants constantly reshaping the competitive landscape (Yesuf, 2024). Zemen Bank has been at the forefront of this transformation, implementing various marketing strategies to attract new customers and maintain its market position. However, despite its distinct positioning, Zemen Bank faces intensified competition as more Ethiopian banks introduce premium banking services and digital transformation strategies. The increasing number of financial institutions, including the entry of foreign banks, threatens its competitive edge, making effective target marketing strategies more crucial than ever.

Therefore, target marketing has become a critical component for firms aiming to differentiate themselves in competitive markets (Hasan, Zayed, & Islam, 2019). Several studies suggest that businesses that identify and serve the needs of specific customer segments tend to build stronger relationships and brand loyalty, which can result in improved market share and profitability (Borden, 2014). However, despite the significant role of marketing strategies in gaining a competitive edge, banks in developing markets like Ethiopia, particularly Zemen Bank, may not have fully optimized their target marketing approaches to harness these advantages. This gap in understanding the relationship between target marketing and competitive advantage at Zemen Bank requires further exploration.

Additionally, this study distinguishes itself from prior research in several key ways, particularly in its focus and contextual approach. While numerous studies have explored the relationship between target marketing strategies and competitive advantage, many existing studies have been conducted in developed economies or across diverse industries, such as retail, manufacturing, and technology (e.g., Kotler & Keller, 2016; Porter, 1985). For instance, studies like The Impact of Target Marketing on Firm Performance" by Smith et al. (2018) focused on multinational corporations in the U.S. and Europe, while Marketing Strategies and Competitive Advantage in the Retail Sector by Johnson (2020) examined large-scale retail chains. In contrast, this research narrows its focus to the banking sector in Ethiopia, specifically Zemen Bank S.C., which operates in a unique economic and regulatory environment. The Ethiopian banking industry is characterized by emerging market dynamics, limited financial inclusion, and a growing competitive landscape, making it a distinct context for studying target marketing strategies.

While some studies have explored the general impact of marketing strategies on firm performance ("Marketing Strategy and Firm Performance" by Morgan et al., 2012) , few have specifically examined the role of target marketing strategies in achieving competitive advantage. Additionally, prior research often treats competitive advantage as a broad concept without delving into its specific dimensions, such as cost leadership, differentiation, or focus strategies (Porter, 1980).

This study explicitly investigates how target marketing strategies—such as niche marketing, behavioral targeting, differentiation strategies, and psychographic targeting—contribute to competitive advantage. However, a gap remains in understanding how these strategies influence competitive advantage. This issue is further compounded by the lack of empirical studies that measure the impact of target marketing on financial performance and market positioning in the Ethiopian banking sector. By addressing these gaps, this study offers a fresh perspective on the relationship between target marketing strategies and competitive advantage.

Moreover, existing literature on target marketing in the banking sector primarily focuses on developed economies (Alam, 2021), where marketing techniques and consumer behavior may differ significantly from those in Ethiopia. Thus, the findings and strategies from those studies may not be directly applicable to the Ethiopian banking industry. A contextualized study that examines the effects of target marketing strategies on competitive advantage within Zemen Bank is essential for developing practical and relevant strategies.

Consequently, the question of how target marketing strategies influence competitive advantage at Zemen Bank is particularly relevant in the current economic environment, where technological advancements, changing customer expectations, and the rise of digital banking platforms are rapidly altering competitive dynamics (Borden, 2014). The failure of banks, including Zemen Bank, to effectively leverage target marketing could result in loss of market share and diminished customer loyalty.

As a result, this study seeks to fill the existing knowledge gap by exploring the effects of target marketing strategies on Zemen Bank's competitive advantage. By identifying how target marketing can be leveraged to create a sustainable competitive edge, this research provides actionable recommendations that will help Zemen Bank and similar institutions enhance their

marketing effectiveness and improve their market standing. The outcomes of this study will contribute to a broader understanding of target marketing's role in the banking sector in emerging markets like Ethiopia, offering strategic insights for both academics and practitioners

1.4 Objectives of the study

1.4.1 General objectives

The general objective of the study was examining the effect of target market strategies on competitive advantage in case of Zemen Bank.

1.4.2 Specific objectives

➢ To determine the effect of niche marketing on competitive advantage in selected branch of Zemen Bank in Addis Ababa.

➢ To examine the effect of behavioral targeting on competitive advantage in selected branch of Zemen Bank in Addis Ababa.

➢ To investigate the effect of differentiation strategy on competitive advantage in selected branch of Zemen Bank in Addis Ababa.

➢ To analyze the effect of psychographic targeting on competitive advantage in selected branch of Zemen Bank in Addis Ababa.

1.5 Significance of the study

In addition to achieving its general and specific objectives, the study is significant in this research attempts to fill an essential gap in knowledge by bringing light on the relationship between target marketing strategies and competitive advantage specific to the Bank industry in Ethiopia. It is relevant to legislators, banking industry participants, and marketers who are attempting to comprehend how target marketing strategies operates in order to gain a competitive advantage in an increasingly competitive marketplace.

The research findings also provides Zemen Bank SC's marketing professionals with valuable insights and recommendations to optimize their targeted marketing strategies. This knowledge guides them in identifying specific areas of focus within target marketing strategies, ultimately enhancing brand excellence, reputation, market share, profitability, and long-term success in the

Ethiopian banking industry. By leveraging these insights effectively, Zemen Bank can attain a competitive advantage in the market.

The government through the ministry of finance gain some insights on various marketing strategies processes prevalent in the banking industry. This way, the ministry will be able to come up with policies that will govern these processes so as to ensure that consumer rights are safeguarded. This study is expected to increase body of knowledge to the scholars of marketing strategies in commercial banks and specially make them in touch with the various strategies being applied by the bank industry in order to have a competitive advantage over its competitors.

1.6 Scope of the study

Geographically, the study focused on Zemen Bank's branches within Addis Ababa, Ethiopia. Addis Ababa, as the capital city, represents a significant share of Ethiopia's banking industry and serves as a hub for economic activity.

Conceptual, the study examine the effect of target marketing strategies on competitive advantage. It focuses on four independent variables: niche marketing, behavioral targeting, differentiation strategies, and psychographic targeting, examining their influence on Zemen Bank's market positioning, customer retention, and profitability. Methodologically, the study based on survey data, descriptive and regression statistics

1.7 Limitations of the Study

The banking industry is dynamic and influenced by economic, regulatory, and technological changes. The study may face challenges in capturing real-time dynamics and adaptability of the industry. The inclusion of only Zemen Bank SC as the sole Ethiopian bank in the study may restrict the generalizability of the findings to the broader banking sector within the country. Additionally, focusing primarily on urban areas in Ethiopia could further constrain the applicability of the results to rural regions and may not fully capture market dynamics present in other countries. The study may not fully account for external factors, such as economic downturns or global events that can significantly impact the effectiveness of target marketing strategies. While efforts can be made to control for certain variables, external influences remain challenging to predict and isolate in a research setting.

Target marketing in the banking industry involves multifaceted strategies and tactics. The study may face challenges in capturing the full complexity of these strategies or the nuances in their implementation. In addition, the study's time frame might be a drawback. The subject matter may not be fully understood due to its potential to exclude the long-term effects of target marketing strategies on competitive advantage.

1.8 Definition of key terms

Target marketing: is a strategic approach where a business directs its marketing efforts towards a specific and well-defined segment of the population. (Kotler and Keller, 2016).

Competitive advantage: refers to the unique strengths or capabilities that enable a business to outperform its rivals in the marketplace. It is what sets a company apart and gives it an edge over competitors. (Porter, 1985)

Niche marketing refers to the strategy of targeting a specialized and well-defined segment of the market that has unique needs, preferences, or characteristics **(**Weinstein, 2013**).**

Behavioral targeting is using information about people's behavior to deliver relevant and customized marketing messages. (Smith, A. Fischer and Yongj1ian, 2012).

A differentiation strategy: is a business approach in which a company seeks to distinguish its products or services from those of its competitors by offering unique features, qualities, or attributes that are valued by customers. (Porter, M. E, 1985).

Psychographic targeting involves segmenting and targeting audiences based on psychological and lifestyle characteristics, such as values, interests, attitudes, and behaviors. (Wells, and Tigert, 1971).

1.9 Organization of the study

Five chapters made up this paper. Chapter one provided an introduction for the main part of the study, problem statement, research questions, objectives with scope and limitation of the study. Chapter two reviewed theoretical and empirical studies including the conceptual framework of the study. The study's research approach was presented in the third chapter. The study's findings and interpretations were covered in the fourth chapter. In the end, chapter five provided the summary conclusion and recommendation based on the finding of the study.

CHAPTER TWO

REVIEW OF THE RELATED LITRATURE REVIEW

2.1 Introduction

This part of the thesis reviews conceptual, theoretical and empirical literature in related to the subject matter. The conceptual basis of the study briefly reviewed in the first section. A brief overview of the theoretical literature provided in the second section, and empirical and conceptual framework review covered in the third.

2.2 Conceptual Review

Target marketing is a key decision area for all organizations undertaking marketing and strategic planning. It is that part of the market segmentation process, which groups together customers with similar needs and buying behavior (Dibb and Simkin, 1996).

According to (Cooper, 1993) an attractive market is one where the competition is weak, there is potential growth, there are few players and the customer base has an unsatisfied need for the product to be supplied. In practice, this means that decisions about target market attractiveness must be made within the context of environmental factors, competitive conditions and available resources.

Target marketing, also known as target audience marketing or target segmentation, is a strategic approach where businesses tailor their marketing efforts and messages to specific groups of people who are most likely to be interested in their products or services. This method involves identifying and understanding the unique characteristics, needs, and preferences of a particular market segment and then crafting marketing strategies to effectively reach and engage that specific audience. (Kotler and Keller, 2016)

The proper selection of the target audience is a crucial component of target marketing. This entails examining psychographic elements like lifestyle, income, values, and attitudes in addition to demographic elements like age, gender, income, education, and geography. Businesses can allocate resources more effectively by concentrating on a well-defined group (differentiation),

which helps to ensure that their marketing messages resonate with the unique interests and motivations of their target audience through building a brand. (Armstrong and Cunningham, 2018).

After identifying the target audience, businesses need to create tailored marketing messages that speak directly to the needs and desires of that particular segment. This involves developing content, advertisements, and promotional materials that resonate with the target audience's language, culture, and preferences. Personalization (customer centric approach) is a key element in this stage, as it allows businesses to establish a deeper connection with consumers, increasing the likelihood of engagement and conversion. (Smith, A. Fischer and Yongjian, 2012).

In addition to creating targeted messages, businesses often leverage various marketing channels to reach their specific audience effectively. This could include online channels such as social media, search engine optimization, and email marketing, as well as offline channels like print media, events, and direct mail. By selecting the most appropriate channels for their target market, businesses can optimize their reach and impact. (Chaffey, and Smith, 2017).

The success of target marketing is often measured through key performance indicators (KPIs) relevant to the specific goals of the campaign. Metrics like conversion rates, cost of acquisition for new customers, client retention, and total return on investment may be included in this. Businesses can evaluate the success of their target marketing strategy and make data-driven improvements for ongoing improvement by routinely evaluating these (KPIs. Hollensen, S. 2019)

2.3 Target Marketing Strategies

Target marketing strategies are essential components of modern marketing, enabling businesses to focus their efforts on specific customer segments that are most likely to respond positively to their offerings. These strategies involve identifying, evaluating, and selecting distinct market segments based on demographic, geographic, psychographic, and behavioral characteristics (Kotler & Keller, 2016). By tailoring products, services, and marketing messages to meet the unique needs of these segments, companies can enhance customer satisfaction, build brand loyalty, and achieve a sustainable competitive advantage (Armstrong & Kotler, 2020).

The concept of target marketing emerged as a response to the limitations of mass marketing, which often fails to address the diverse needs of heterogeneous markets (Weinstein, 2013). Instead of

adopting a one-size-fits-all approach, businesses now leverage target marketing to deliver personalized experiences that resonate with specific customer groups. This approach not only improves marketing efficiency but also maximizes return on investment by concentrating resources on high-potential segments (Dibb & Simkin, 2008).

In today's highly competitive business environment, target marketing strategies have become indispensable for organizations seeking to differentiate themselves and capture market share. Whether through niche marketing, differentiated marketing, or concentrated marketing, these strategies enable businesses to align their offerings with the preferences and expectations of their target audiences (Kotler & Armstrong, 2021). As markets continue to evolve, the ability to effectively implement target marketing strategies will remain a critical driver of business success.

2.4 Types of target marketing strategies

2.4.1 Demographic Targeting

Demographic targeting involves tailoring marketing strategies based on demographic factors such as age, gender, income, education, and family status. For example, a bank might design specific products and campaigns for young professionals, retirees, or families or those with significant incomes. This strategy acknowledges the diverse needs and preferences within different demographic segments. (Kotler and Armstrong, 2018).

Demographic targeting plays a crucial role in the marketing strategy of businesses. By segmenting a market into specific groups that share similar characteristics and behaviors, businesses can develop targeted marketing campaigns that speak directly to the needs and wants of each group. It helps businesses understand their customers better by helping them to create tailor-made marketing messages that make them feel understood and cared for. This results in an increase in customer satisfaction and loyalty, which in turn will lead to higher sales and profits.

2.4.2 Geographic targeting

Geographic targeting focuses on tailoring marketing efforts to specific geographical regions or locations. Banks may customize their services based on the economic conditions, cultural factors,

and regulatory environment of different areas. This approach recognizes that consumer behaviors and financial needs can vary significantly across regions (Hollensen, 2019).

It is the practice of dividing your audience based on geographic location, from country. It's used to target products, services or marketing messages at people who live in, work in, or shop at a particular location.

2.4.3 Psychographic targeting

Psychographic targeting involves segmenting the market based on lifestyle, personality traits, values, interests, and behaviors. Banks may create marketing messages and products that resonate with specific psychographic profiles, recognizing that people with similar psychographic characteristics may have similar financial needs and preferences (Schiffman et al., 2019).

This type of targeting allows businesses to create more personalized and relevant marketing messages that resonate with the specific needs and preferences of different consumer segments. By understanding the psychographics of their target audience, businesses can tailor their marketing efforts to effectively reach and engage with potential customers.

2.4.4 Behavioral targeting

Behavioral targeting focuses on consumer behavior, including buying patterns, product usage, and brand loyalty. Banks can tailor their marketing strategies to the way customers use their services, promoting relevant details and branding their business to appeal to particular behavioral segments. This approach maximizes the effectiveness of marketing efforts by aligning with customer actions (Solomon et al., 2019).

This type of targeting allows businesses to deliver more relevant and personalized advertising to consumers based on their demonstrated interests and actions. By analyzing user behavior, businesses can tailor their marketing messages to specific consumer preferences and increase the likelihood of engaging with potential customers. Behavioral targeting is commonly used in digital advertising and allows for more precise and effective ad placements.

2.4.5 Niche Marketing

Niche marketing involves targeting a specialized segment of the market with unique needs. Banks may create specialized products or services for niche markets, offering tailored solutions that may not be available from broader competitors. This strategy aims to build a strong position within a specific market segment (Kotler et al., (2017).

It allows businesses to differentiate themselves from competitors, build stronger connections with their target audience, and potentially achieve higher levels of engagement and loyalty. This strategy can be particularly effective for businesses looking to stand out in a crowded marketplace and establish a strong brand presence within a specialized segment of the market. (Kotler & Keller, 2016)

2.4.6 Digital Targeting

Digital targeting involves using online channels such as social media, search engines, and email to reach specific audiences. Banks may leverage digital marketing tools to target tech-savvy customers, offering online banking services or promoting digital financial solutions. This strategy aligns with the preferences of digitally connected consumers (Smith and Taylor, 2020).

This approach helps businesses optimize their marketing efforts by focusing on the most valuable and relevant prospects, increasing the likelihood of engagement, conversion, and customer retention. Digital targeting also enables businesses to track and measure the effectiveness of their campaigns, allowing for continuous optimization and improvement. (Chaffey & Smith, 2022)

2.4.7 Life Stage Targeting

Life stage targeting considers the different financial needs and behaviors associated with specific life stages. Banks may develop products and campaigns tailored for students, young professionals, families, or retirees. This strategy recognizes that individuals at various life stages may require distinct financial solutions (Solomon et al., 2019).

Life stage targeting can be done using various data sources and techniques, such as demographic data, purchase history, online behavior, and surveys. It allows businesses to deliver more personalized and relevant marketing messages, increasing the likelihood of engagement and

conversion. Additionally, it helps businesses optimize their marketing budgets by focusing on the most valuable and receptive audience segments (Smith et al., 2018; Kumar & Sharma, 2020)..

2.5 Important of Target Marketing Strategies

Identifying your market, meeting their requirements with products, and maximizing the performance of your business all depend on knowing who your target market is and how to best serve them. Assuring a better return on investment and more client satisfaction, it assists you in concentrating your resources and efforts. Setting target markets helps marketers concentrate their efforts and marketing initiatives on the customers who are most likely to purchase the company's goods. The development of communication and marketing strategies that appeal to these potential customers might be aided by target markets. (philip Kotler and Gary Armstrong ,2022).

2.5.1 Connecting Directly with A Specific Audience.

Marketing information resonates with an audience when you address a target group directly. Businesses with varied clients often face marketing challenges when using market campaigns that connect them directly to potential customers. For example, you might find it challenging to address a large group of people and convince them to buy your brand. Break down larger groups, so you can deal with those interested in your products or services. Since every individual may have a different view of your brand, stories or slogans can resonate with each individual differently. Through target marketing, you can better understand each customer's needs and create a marketing campaign that targets a specific audience, so you can meet their expectations. Kenneth E. Clow and Donald Baack (2021).

2.5.2 Attracting High-Quality Leads

When you talk directly to the audience you're targeting, you can attract potential customers to your business. Your target marketing campaign can reach the specific group you wish to engage with your business. When you reach out to the right groups, you're more likely to get quality leads that can turn into potential customers. Be sure to retain your current customers as you look for new prospects to increase your sales. (Brian Carroll ,2016).

2.5.3 Making a Brand Stand Out

When you avoid speaking to everyone in the market and concentrate on a specific audience, you begin to stand out from competitors. Be sure you market your brand so that every customer can easily identify you. When customers recognize your brand, they're more likely to buy from you, especially if they've had a positive experience. Use your top position in the market to ensure your brand remains unique and well-known. (Jack Trout and Steve Rivkin 2008).

2.5.4 Developing deeper customer loyalty

The capability to stand out from competitors by reaching customers on a more direct and individual level might help you build long-lasting relationships. When clients identify your brand as unique and feel you have met their specific expectations, they're more likely to be loyal to your brand, gaining you a customer who will buy from you again and again. (Jill Griffin ,2019)

2.5.5 Improving Customer Relations

Getting closer to your customers and building strong relationships helps them view your services and products differently. When you develop a deeper understanding of your potential customers, you focus on their needs and see how you can meet their expectations. Identify features you may include in your products and services to ensure you match your customers' needs as you improve your brand. (Francis Buttle ,2020).

2.5.6 Focusing On A Specific Segment

Target marketing can enable you to be more specific about your marketing plans, the direction of brands and initiatives. Through target marketing, you can focus on your marketing goals, get everyone in the company working for the same goal and focus on your vision. The advantage of staying focused on target marketing is creating small groups of people that you can connect to your business. A focused marketing approach helps businesses to use their resources, budget and time to create more business relationships with potential buyers. (Alexander Chernev ,2023).

2.5.7 Improving Products and Services

Target marketing enables business operators to access small groups of individuals and to offer them the best services and products that meet their needs. Companies selling brands can reach out to different audiences daily to inform potential customers about the benefits of buying their products and services. For example, a toothpaste brand may introduce whitening strips for customers aged 35 and over. The target marketing team may discover that people at this age develop teeth issues, and such products can attract more customers. (C. Merle Crawford and C. Anthony Di Benedetto ,2021).

2.6 Objectives of Target Marketing Strategies

The objective of target marketing strategies is to gain a comprehensive understanding of the needs, preferences, and behaviors of particular customer groups and to build and maintain strong relationships with them. Additionally, to promote loyalty and repeat business and allocate marketing resources efficiently by focusing on the most promising and profitable market segments, as well as to effectively position the brand in the minds of the target audience by associating it with specific values, benefits, or attributes. Finally, target marketing strategies aim to inform product or service development based on the unique needs and preferences of the target market. (Armstrong, G., and Kotler, P. ,2013).

2.7 Strategies Available for Selecting Target Markets

Providing different services for the various potential client groups may not always be the best approach. There may be a few occasions when a single marketing mix can effectively service everyone. An undifferentiated strategy means that a single marketing mix is developed and offered to all the identified potential client groups. It emerges after the agency has reviewed differences between potential target markets and concluded that the common needs of all these markets are greater than the variations in wants and preferences that differentiate them (Miller, 1988). Too often, however, an undifferentiated approach toward service delivery has emerged by default, reflecting a failure to consider the advantages of target marketing, rather than as an analytical, judicious response that has led to the conclusion that the benefits sought by all segments can be effectively delivered by a single marketing mix.

2.8 Competitive Advantage

Competitive advantage is an organization's ability to perform in one or more ways that competitors will not and cannot match (Kotler, 2000) and is realized by the organization's marketing strategy, the implementation of this strategy and the context in which competition unfolds. The target consumers will be the core and center of the organization's marketing strategy. The organization should identity the total market and divide it into smaller segments and it should select the segment(s) and focus on serving them. The organization then engages in marketing analysis, planning, implementation and control to find the best marketing mix and take action. Contemporary business theory argues that companies must compete to keep or gain market share.

Innovation is considered to be the key to creating competitive advantage. Some marketing managers pay exaggerated attention to product innovation as a source of competitive advantage while neglecting other sources of innovation like target marketing. This focus clouds the mindset of marketing personnel and reduces greatly the capacity of a firm to create continuous competitive advantages derived from target marketing. If the process of continuous innovation within a line is based on the endogenous resources, then managers who understand comprehensively their competitive surroundings realize quickly that identifying the elements that enrich their firm's marketing strategy is a necessary step. (Stalk, 2006).

Consequently, a firm's strategic competitive strategy can be the inimitable combination of different marketing factors at the fundamental levels discussed above. Moreover, the characteristics of successful marketing strategy includes a sound marketing strategy, the path taken in the market, the level of management skills within the firm and its unique organizational culture which will be difficult for competitors to imitate or replicate. A particular combination of these factors determines if marketing strategic will deliver strategic value to a firm. Competition is now a war of movement in which success depends on anticipation of market trends and quick response to changing customer needs. In this more dynamic business environment, corporate strategy must become more dynamic (Stalk, 2004).

2.8.1 Elements of competitive advantage

Competitive advantage refers to the unique attributes or capabilities that enable an organization to outperform its competitors and achieve superior performance in the marketplace. These elements are critical for sustaining long-term success and creating value for customers. According to Porter (1985), competitive advantage arises from either offering lower costs than competitors (cost leadership) or providing differentiated products or services that command a premium price (differentiation). Additionally, Barney (1991) emphasizes the role of valuable, rare, inimitable, and non-substitutable (VRIN) resources in achieving a sustainable competitive advantage. Other key elements include innovation, customer focus, operational efficiency, and strategic positioning (Grant, 2016). Understanding these elements is essential for organizations seeking to thrive in competitive environments.

2.8.1.1 Differentiation

Differentiation in the context of marketing refers to the strategic process of creating a distinctive and unique position for a product, service, or brand in the minds of consumers. It involves offering characteristics, features, or attributes that set a business apart from its competitors, thereby creating a competitive advantage. This strategy is rooted in the idea that customers have diverse needs and preferences, and by providing something unique, a company can attract and retain a specific target audience. Kotler, P., and Armstrong, G. (2018).

The differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique or quality product and willing to pay a higher price (McCracken, 2002). Some key concepts for establishing differentiation include: speaking about the product to select panels, writing on key topics affecting the company in the association's magazine or newsletter, becoming involved in the community, being creative when composing the company's portfolio, offering something the competitor does not or cannot offer, adding flair and drama to the store layout, providing e-commerce, using photos and renderings in brochures and selecting products and services for which there is a strong local need (Harrow et al., 2001),

How differentiation fits into target marketing strategies:

Differentiation in target marketing involves understanding and addressing the specific needs and preferences of the target market to attract and retain customers. By tailoring the product or service to create perceived value through unique features, innovative solutions, and a superior customer experience, a company can build a unique brand image that resonates with the chosen audience. This differentiation can provide a competitive advantage by helping the company stand out and reduce direct competition, while effective communication of the unique selling propositions to the target audience helps in building awareness and attracting the right customers.

Differentiation in the Banking Industry*:*

Differentiation in the banking sector can manifest through various means, such as innovative financial products, superior customer service, technological advancements, or specialized services catering to specific customer segments. Banks may differentiate themselves by creating a unique brand image, emphasizing personalized financial solutions, or providing a seamless and technologically advanced banking experience. Berger, and DeYoung, (2001)

The differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support. Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service, or the distribution channels. The quality may be real or perceived based on fashion, brand name, or image.

2.8.1.2 Cost Leadership

Cost leadership is a low-cost competitive strategy that aims at the broad mass market and this strategy focuses on gaining competitive advantage by having the lowest cost in the industry. In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy. The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (MaJburg, 2000). For an effective cost leadership strategy, a firm must have a large market share. There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale,

technology, product design, input cost, capacity utilization of resources, and access to raw materials (Malburg, 2000).

2.8.1.3 **Focus**

Cost focus is a low-cost strategy that focuses on a particular buyer group or geographic market and attempts to serve only this niche, to the exclusion of others. In using a cost focus strategy, the company seeks a cost advantage in its target segment. This strategy is based on the belief that a company that focuses its efforts can serve its narrow strategic target more efficiently than can its competitors. However, a focus strategy does necessitate a trade-off between profitability and overall market share (Wheelen and Hunger, 2004).

In the focus strategy, a firm targets a specific segment of the market (Davidson, 2001). The firm can choose to focus on a select customer group, product range, geographical area, or service line. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. A successful focus strategy depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms (David, 2000)

1Figure 2.1   Creative Commons Attribution Model
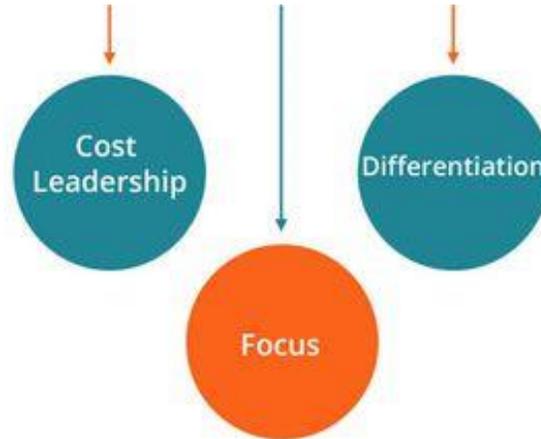
Source: Creative Commons Attribution (Share Alike ,2023)

2.9 Effects of target marketing strategies on competitive advantage

Target marketing strategies have a variety of important and profound effects on competitive advantage in modern company settings. Organizations that allocate resources towards customer analysis, resource optimization, effective differentiation, and market adaptation are more likely to attain a competitive advantage. When target marketing is done right, it can improve customer connections and lead to higher efficiency, market leadership, and brand loyalty. Integrating and improving target marketing strategies is still essential for gaining and maintaining a competitive advantage as companies traverse the intricacies of the global market. (Aaker, 2012).

2.10 Theoretical Review

The relationship between target marketing strategy and competitive advantage can be effectively explained using Michael Porter's Theory of Competitive Advantage, particularly his framework on the Elements of Competitive Advantage. Porter's work provides a robust theoretical foundation for understanding how businesses can achieve and sustain a competitive edge through strategic positioning and targeted marketing efforts.

2.10.1 Porter's Theory of Competitive Advantage

Michael Porter, in his seminal work Competitive Advantage*: Creating and Sustaining Superior Performance* (1985), argues that competitive advantage arises from a firm's ability to create value for its customers that exceeds the cost of delivering that value. He identifies two primary types of competitive advantage: cost leadership and differentiation. These advantages are achieved through strategic positioning, which is closely tied to target marketing strategies.

Key Elements of Competitive Advantage:

1. **Value Creation**:

   Competitive advantage is rooted in a firm's ability to deliver superior value to its target market. This value can be created through cost efficiency (cost leadership) or unique product features (differentiation).

   > *"Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it."* (Porter, 1985, p. 3)

2. **Market Segmentation and Targeting**:

   Porter emphasizes the importance of identifying and targeting specific market segments where the firm can leverage its strengths to meet unique customer needs.

   > *"A firm's competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value."* (Porter, 1996, p. 64)

3. **Differentiation**:

   Differentiation involves creating a unique offering that appeals to a specific target market. This can be achieved through product features, branding, customer service, or other attributes that distinguish the firm from competitors.

   o *"Differentiation arises from both the choice of activities and how they are performed."* (Porter, 1985, p. 120)

4. **Cost Leadership**:

   Cost leadership involves achieving lower costs than competitors while maintaining acceptable quality. This allows the firm to offer competitive pricing to its target market.

- *"Cost leadership requires aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions, and tight cost control."* (Porter, 1985, p. 13)

5. **Focus Strategy**:

Porter's focus strategy aligns closely with niche marketing, where a firm targets a narrow segment of the market and tailors its offerings to meet the specific needs of that segment.

"The focus strategy rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others." (Porter, 1985, p. 15)

Additionally, the theoretical framework in research is a structured set of concepts, principles, or existing theories that provide a foundation for understanding and interpreting the phenomena under investigation. It guides the researcher in developing hypotheses, designing the study, and analyzing the data within the context of established theories. Theoretical frameworks help researchers make connections between their research questions and existing knowledge in the field (Creswell, 2014).

Target marketing is a business strategy in which a company tailors its marketing efforts and messages to reach and appeal to a specific group of consumers identified as the target market. This involves understanding the distinct characteristics, needs, preferences, and behaviors of the chosen audience. The goal of target marketing is to create a more efficient and effective marketing approach by focusing resources on the most likely potential customers, ultimately enhancing customer satisfaction and driving business success (Kotler, P., Keller, 2016).

Target marketing strategy tools are the independent variable in this study. Each of these tools has features that are employed based on the type of business and the study target market strategies. These consist of niche marketing, behavioral targeting, differentiation and psychographic targeting gaining competitive advantages is the dependent variable in this research study, which aims to assess the impact of each target marketing strategy's component on the competitive advantage over competitors. And demonstrating how successfully focusing target marketing strategies contributes and sustained competitive advantage for banks.

2.11 Empirical review

Different researchers in different parts of the world conduct various related studies. However, there are limited numbers of studies conducted in Ethiopia on target marketing strategies and effect on competitive advantage.

Anusuya M.'s studies emphasizes that gaining competitive advantage through marketing hinges on a thorough understanding and strategic analysis of the firm's target market and its competitive landscape. By accurately identifying consumer needs, preferences, and behaviors, businesses can uncover opportunities that competitors may have overlooked. This insight allows firms to develop marketing strategies and product offerings that are not only aligned with customer expectations but also differentiate them from rivals in the marketplace. Continuous innovation and the cultivation of a skilled marketing team are highlighted as critical factors in maintaining this competitive edge over time. Innovation ensures that companies stay ahead by adapting to changing market dynamics and consumer preferences, while a proficient marketing team can effectively execute strategies that resonate with the target audience. Ultimately, the ability to consistently innovate and deliver superior marketing mixes enables firms to establish a strong market position, enhance customer loyalty, and ensure long-term viability in competitive environments. Anusuya M.'s findings underscore the importance of strategic marketing in driving sustained competitive advantage and organizational success in today's dynamic business landscape (Anusuya M., 2023).

Otieno's study in 2008 focused on how radio stations in Nairobi utilized differentiation strategies to cultivate competitive advantage. Differentiation strategy involves creating unique qualities in products or services that set them apart from competitors, thereby making them more attractive to consumers. In the context of radio stations, differentiation could manifest in various ways such as programming content, format, target audience, broadcasting style, or even community engagement initiatives. The research likely explored how these differentiation strategies translated into competitive advantage for the radio stations. Competitive advantage refers to the ability of a business or organization to outperform its rivals in the market, typically by offering something unique or valuable that competitors cannot easily replicate. For radio stations, this advantage could be in the form of higher listener ratings, increased advertising revenue, stronger brand recognition, or greater community influence. Otieno's findings would have likely highlighted specific examples where radio stations in Nairobi successfully differentiated themselves from others in the market.

This could involve case studies of stations that adopted distinct programming formats tailored to specific audience segments, invested in local community engagement activities, or leveraged technology to enhance broadcasting quality or reach. Moreover, the study might have delved into how these differentiation strategies contributed to long-term sustainability and growth for the radio stations. For instance, stations that effectively differentiated themselves may have enjoyed higher audience loyalty, which in turn attracts more advertisers and secures a larger share of the advertising market.

In summary, Otieno's research underscores the strategic importance of differentiation in radio broadcasting as a means to achieve competitive advantage. By focusing on unique offerings that resonate with their target audience, radio stations can enhance their market position, build resilience against competitors, and sustain growth in the dynamic media industry landscape of Nairobi.

Caroline JepkemboiOlbara's thesis in 2011 delves into how Standard Chartered Bank employs a target marketing strategy to achieve competitive advantage in a highly competitive banking industry. The rationale behind adopting target marketing lies in the challenges posed by mass marketing, where generic approaches may be less effective in capturing diverse customer needs and preferences. By focusing on specific high-value segments of the market, Standard Chartered Bank optimizes its promotional, pricing, and distribution strategies, aiming for greater efficiency and effectiveness in reaching its target customers. The strategy not only streamlines the bank's marketing efforts but also aligns closely with its overall institutional policies and structures. This alignment allows the bank to adapt swiftly to the dynamic and uncertain market environment by continuously monitoring and responding to changing customer demands. By understanding the evolving needs of its target segments, Standard Chartered Bank can tailor its products and services more precisely, enhancing customer satisfaction and loyalty. Moreover, the study likely highlights how this targeted approach creates significant value for the bank's stakeholders. By concentrating resources on high-value segments, Standard Chartered Bank can potentially achieve higher profitability through better customer retention, increased sales, and optimized resource allocation. This strategic focus also enables the bank to differentiate itself from competitors who may adopt more generalized marketing approaches.

In essence, Olbara's study underscores the strategic importance of target marketing in enhancing Standard Chartered Bank's competitive position. Through this approach, the bank not only navigates the challenges of intense industry competition but also cultivates a deeper understanding of its customer base, thereby fostering long-term success and sustainability in the banking sector

Sheba Mramba's thesis in 2013 explores the efficacy of target marketing strategies employed by Standard Chartered Bank Kenya to achieve competitive advantage in the banking sector. The study underscores that Standard Chartered Bank's shift from mass marketing to a targeted approach has been pivotal in enhancing its competitive edge. By concentrating its marketing efforts on specific market segments rather than adopting a one-size-fits-all approach, the bank is able to better address the diverse needs and preferences of its customer base.

The findings indicate strong consensus among respondents that Standard Chartered Bank's adoption of target marketing has indeed contributed significantly to its competitive advantage. This strategy allows the bank to tailor its product offerings, pricing strategies, and promotional activities more precisely to meet the demands of high-value customer segments. In contrast to undifferentiated strategies where banks may struggle to stand out in a crowded market, Standard Chartered Bank's differentiated approach enables it to create unique value propositions that resonate with its target customers.

Moreover, the study highlights that differentiation, along with concentration strategies, also play crucial roles in bolstering competitive advantage within the Kenyan banking sector. These strategies help Standard Chartered Bank distinguish itself from competitors by offering specialized products and services that cater specifically to the needs of its chosen market segments. By focusing on delivering superior value to these segments, the bank not only enhances customer satisfaction but also strengthens customer loyalty and retention.

Overall, Mramba's research underscores the strategic significance of target marketing in Standard Chartered Bank's competitive strategy. By aligning its marketing efforts closely with the preferences and behaviors of specific customer segments, the bank has successfully carved out a distinct market position amidst fierce competition in the Kenyan banking industry. This targeted approach not only enhances operational efficiency and resource allocation but also reinforces the bank's reputation as a customer-centric institution committed to delivering tailored financial solutions.

2.12 Conceptual Framework Of The Study

Conceptual framework is defined as an interconnected set of ideas (theories) about how a particular phenomenon function or is related to its parts (Svinicki, 2010). The main purpose of conceptual framework was to clarify concepts and purpose relationships among the variables in the study, provide a context for interpreting the study findings and explain observations.

This study leverages a conceptual framework, adapted from the literature by Isaac Mensah and Daniel M. Quaye (2019), to examine how various strategic marketing approaches contribute to achieving competitive advantage. The framework identifies four key marketing strategies: niche marketing, behavioral targeting, differentiation strategy, and psychographic targeting. Each strategy is analyzed for its direct impact on competitive advantage. By focusing on these strategic approaches, the research aims to provide a comprehensive understanding of how targeted marketing efforts can enhance a firm's competitive position in the market. This framework is grounded in established theories such as the Resource-Based View (RBV) and Dynamic Capabilities Theory, offering a robust theoretical foundation for exploring the innovation-performance relationship within marketing strategies.
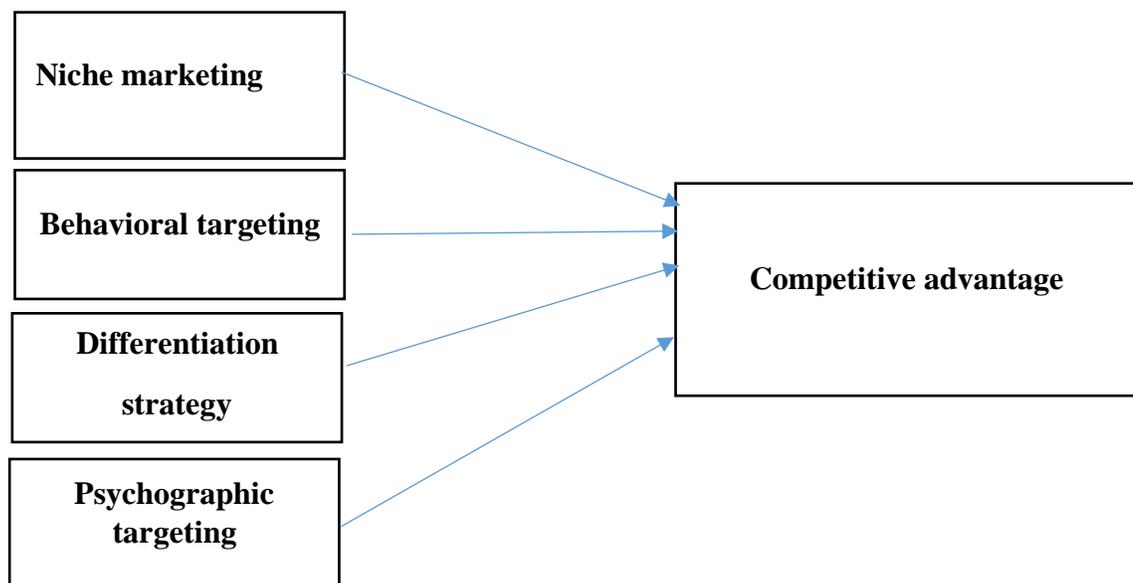
Source: Modified from Isaac Mensah and Daniel M. Quaye, (2019)

2.13 Research Hypothesis

1. Niche marketing has positive and significant effect on competitive advantage in selected bank

Michael Porter's *Focus Strategy* (1985) is a cornerstone of niche marketing theory. It suggests that by concentrating on a narrow market segment, firms can achieve competitive advantage through differentiation or cost leadership.

- *"The focus strategy rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments and tailors its strategy to serving them to the exclusion of others."* (Porter, 1985, p. 15)

Similarly A study conducted in Ethiopia examined the impact of niche marketing on the competitive advantage of commercial banks. The findings revealed that banks adopting niche marketing strategies, such as targeting SMEs or rural customers, experienced higher customer retention and profitability.

- *"Niche marketing strategies were found to have a significant positive effect on competitive advantage, particularly in terms of customer loyalty and market share."* (Abrham, 2018, p. 56)

2. Behavioral targeting has positive and significant effect on competitive advantage in selected bank

Behavioral targeting allows banks to gather detailed insights into customer preferences, purchasing patterns, and financial behaviors. This enables the creation of personalized products and services, which can differentiate the bank from competitors.

- *"Behavioral targeting leverages customer data to deliver personalized experiences, which can significantly enhance customer satisfaction and loyalty."* (Kotler & Keller, 2016, p. 145)

A study by Lambrecht & Tucker (2013) found that behavioral targeting significantly improves the effectiveness of marketing campaigns in the financial services sector. The study highlighted that

personalized offers based on customer behavior led to higher conversion rates and customer satisfaction.

- *"Behavioral targeting in financial services increases the relevance of marketing messages, leading to higher engagement and competitive advantage."* (Lambrecht & Tucker, 2013, p. 56)

3. Differentiation strategy has positive and significant effect on competitive advantage in selected bank

Michael Porter's theory of competitive advantage emphasizes that differentiation is a key strategy for achieving a sustainable competitive edge. By offering unique products, services, or brand attributes, firms can attract and retain customers who value these distinct features.

- *"Differentiation arises from both the choice of activities and how they are performed. It allows firms to command a premium price or achieve higher customer loyalty."* (Porter, 1985, p. 120)

Abratt and Bick (2003) conducted a study on the impact of differentiation strategies in the banking industry. They found that banks that differentiated themselves through innovative products and superior customer service achieved higher customer satisfaction and loyalty, leading to a stronger competitive advantage.

- *"Banks that adopt differentiation strategies are more likely to achieve sustainable competitive advantage by meeting the unique needs of their customers."* (Abratt & Bick, 2003, p. 45)

4. Psychographic targeting has positive and significant effect on competitive advantage in selected bank

Psychographic targeting allows banks to gain deeper insights into the motivations, preferences, and behaviors of their customers. This understanding enables the development of tailored products and services that resonate with specific customer segments, fostering loyalty and differentiation.

- *"Psychographic segmentation provides a richer understanding of customers by focusing on their lifestyles, values, and personalities, which can be leveraged to create more effective marketing strategies."* (Kotler & Keller, 2016, p. 252)

A study by Mugambi and Kanda (2017) examined the impact of psychographic segmentation on the competitive advantage of commercial banks in Kenya. The findings revealed that psychographic targeting significantly enhanced customer satisfaction and loyalty, which in turn contributed to competitive advantage.

- *"Psychographic segmentation was found to have a positive and significant effect on competitive advantage, as it enabled banks to design products and services that aligned with the lifestyles and values of their customers."* (Mugambi & Kanda, 2017, p. 89)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter covers the procedures and methods that applied in the study. A description of the study population, sample size, and selection process is also included. A summary of the research design and the data collection tools are also included. This chapter also covers the approaches that should was used for the management of the study, the process of gathering data, and the analysis of that data.

3.2 Research Design

This research utilized a combination of descriptive and explanatory research designs to examine "The Effect of Target Marketing Strategies on Competitive Advantage in the Case of Banks." This dual approach is well-suited to both mapping the current practices of target marketing in the banking sector and analyzing their impact on achieving competitive advantage. The descriptive component of this research focuses on outlining the current practices of target marketing strategies within banks. Descriptive research aims to systematically collect data that illustrates the application of the four independent variables: niche marketing, behavioral targeting, differentiation strategy, and psychographic targeting.

On the other hand, the explanatory design was applied to determine causal relationships between the identified target marketing strategies and competitive advantage in banks. This design tests hypotheses derived from theoretical frameworks, investigating whether and how these strategies contribute to the dependent variable, competitive advantage.

By combining descriptive and explanatory research elements, the study adopted a comprehensive approach to addressing both "what" and "why" aspects of the research problem. The descriptive design provides a foundation by capturing the current state and characteristics of the variables, while the explanatory design investigates the causal relationships and underlying mechanisms between them. This integration strengthens the research, ensuring it generates insightful, actionable findings.

3.3 Research Approach

This study employed a mixed-methods approach combining quantitative and qualitative research methodologies to investigate the effect of target marketing strategies on competitive advantage in the banking sector. This approach ensures a comprehensive understanding of the phenomena by integrating numerical data with contextual insights. The quantitative aspect of the study focuses on numerical data collection and statistical analysis to examine relationships between the independent variables—niche marketing, behavioral targeting, differentiation strategy, and psychographic targeting—and the dependent variable, competitive advantage. The qualitative component aims to provide in-depth insights into the mechanisms through which target marketing strategies influence competitive advantage. This is achieved through exploratory techniques that capture subjective experiences and expert opinions.

In general, the integration of quantitative and qualitative data allows the study to capture both the measurable impact of target marketing strategies and the nuanced understanding of their practical application. Quantitative data provides objectivity and generalizability, while qualitative data enriches the analysis with context-specific insights and depth.

3.4 Population and Sample Size

Population refers to the complete set of individuals, cases, or elements that share a common characteristic and are of interest to the study. As defined by Leedy and Ormrod (2019), it represents the entire group about whom the research seeks to draw conclusions. the study focused on Zemen Bank SC, the population under investigation comprises all employees of the bank who are located within the geographical region of Ethiopia. According to banks annual report, as of March 2024, Zemen Bank SC employed a total of 2,240 employees across its 115 branches throughout Ethiopia. Therefore, the study considered 2240 employees as population. By specifying the population and the sample, the study ensures that findings and conclusions are relevant and applicable to the specific group of interest, providing a clear framework for conducting research and drawing meaningful conclusions within the context of Zemen Bank SC's employees and operations.

3.5 Sample Size Determination

The population of study are all employees of Zemen bank Sc., which is a total of 2,240 employees across its 115 branches. The number of individuals or observations included in a study is referred to as the sample size. Selecting a suitable sample size is a crucial element of research methodology that can influence the reliability and applicability of study outcomes. The study objectives, statistical power, effect size, and required degree of precision are a few examples of the variables that frequently affect sample size. Creswell and Creswell, (2017).

The sample size calculated using the following streamlined formula that Yamane (1967) suggested. The sample size determined using Taro Yamane's method was 388 based on the identified formula.

$$\frac{N}{1+N\epsilon^2} = n$$

$$N= 2240/1+2240(0.05)^2$$

=388 samples

Where e is the degree of precision, N is the size of the population, and n is the sample size. For the purpose of calculating the sample size for this investigation, e = 0.05 and a 95% confidence level are assumed.

3.6 Sampling Technique

Sampling methods fall into two basic categories, probability sampling involves randomly selecting participants from a population, ensuring that each member of the population has an equal chance of being included in the sample. This method allows researchers to make statistical inferences about the larger population based on the characteristics of the sample. (Trochim, and Donnelly, 2008).

The study applied Quota sampling for the study, Quota sampling is non-probability sampling method, ensures that the sample reflects the characteristics of a population by setting quotas based on predefined categories (Zheng et al., 2022). In the study "The Effect of Target Marketing Strategies on Competitive Advantage in the Case of Banks," quota sampling is employed to ensure

representation across key customer segments, such as age, income level, and geographic location. This approach is particularly relevant in banking research, where diverse customer profiles influence the adoption and effectiveness of marketing strategies

3.7 Source Of Data

The study applied the primary and secondary source of data, the combination of primary and secondary data ensures a holistic understanding of the research problem. Primary data offers specific and actionable insights, while secondary data situates these findings within a larger industry and academic context. This dual approach enhances the reliability and validity of the results. By leveraging both data sources, this study generated nuanced recommendations on how banks can effectively utilize target marketing strategies to achieve and sustain competitive advantage.

3.8 Methods of Data Collection

A Likert-scale survey and semi-structured questioner was used as the primary data collection tool. The Likert-scale survey captured participants' perceptions quantitatively, while semi-structured interviews provided qualitative insights into their experiences and opinions.

The Likert-scale survey consisted of carefully designed statements to measure the influence of four independent variables: niche marketing, behavioral targeting, differentiation strategy, and psychographic targeting. Respondents rate their level of agreement with each statement on a five-point scale ranging from "strongly disagree" to "strongly agree." This approach ensures consistency in responses and allows for statistical analysis of trends and correlations between target marketing strategies and competitive advantage. Survey participants included bank managers, marketing professionals, and who interact with the bank's marketing initiatives.

Semi-structured interviews complemented the survey by providing in-depth qualitative data. The open-ended nature of the interviews allows participants to discuss their perspectives on the effectiveness of target marketing strategies in achieving competitive advantage, as well as the challenges encountered in their implementation. Combining these two methods enabled the study to triangulate findings, ensuring a robust understanding of the research problem.

In implementing quota sampling, this study identified critical geographical criteria relevant to the banking sector. The quota categories align with the variables of interest, enabling an understanding of how each target marketing strategy impacts the competitive advantage of banks across different segments

Quota sampling is advantageous as it allows the study to control for representativeness within key subgroups, even in scenarios with limited resources. By focusing on pre-established quotas, the research avoids biases linked to overrepresentation of dominant groups. Moreover, the method provides flexibility in data collection and is particularly suited for practical applications where obtaining a probabilistic sample may be challenging (Hassan, 2024). This technique thus ensures that the study generated actionable and generalizable insights for the banking sector while adhering to methodological rigor bydividing the samples in to branches sub groups branches.

3.9 Method Of Data Analysis

The responses of the questionnaire filled by the employees analyzed by using SPSS version 20 and interpreted through descriptive statistics and inferential statistics. To analyze the data descriptive statistics, Pearson correlation, and multiple linear regression applied. Frequency, percentage, mean and standard deviation used by tabular form after those explanations presented.

The regression model is a statistical procedure that allows a study to estimate the linear or straight line, relationship that relates two or more variables. The independent variable may be regarded as causing changes in the dependent variable, or the independent variable may occur prior in time to the dependent variable. Regression model predict an outcome variable from a predictor variable (Field, A 2013). Regression analysis used to discuss and express the effect of the whole factors in one equation.

3.10 Model Specification

For study of "The Effect of Target Marketing Strategies on Competitive Advantage," a multiple regression model used to assess the relationship between the independent variables (niche marketing, behavioral targeting, differentiation strategy, and psychographic targeting) and the dependent variable (competitive advantage). The regression model is specified as follows:

$$CA_i = \beta_0 + \beta_1 NM_i + \beta_2 BT_i + \beta_3 DS_i + \beta_4 PT_i + \epsilon_i CA\_i$$

Where:

CAi represents the competitive advantage for the ith bank,

NMi is the level of niche marketing employed by the ith bank.

BTi represents the degree of behavioral targeting employed by the ith bank.

DSi is the differentiation strategy used by the ith bank.

PTi represents psychographic targeting used by the ith bank.

β0 is the intercept term (the baseline level of competitive advantage when all independent variables are zero).

β1,β2,β3,β4 are the coefficients for each independent variable, showing the effect of each marketing strategy on competitive advantage.

ϵis the error term, capturing other factors that may affect competitive advantage but are not included in the model.

The model provides insights into how each of these marketing strategies impacts the ability of banks to sustain and enhance their competitive edge in the marketplace. The regression analysis helps in understanding the relative importance of these strategies and how they can be optimized for better performance

3.11 Diagnostic Tests

It is essential to ensure non-violations of the assumptions of the classical linear regression model (CLRM) before attempting to estimate equation. Estimating these equations when the assumptions of the linear regression are violated runs the risk of obtaining biased, inefficient, and inconsistent parameter estimates (Brooks, 2008). Consequently, the Multicollinearity, normality and heteroscedasticity tests conducted to ensure proper specification of equations.

3.12 Validity and Reliability

3.12.1 Validity

Validity in research refers to the degree to which an instrument accurately measures the intended concepts or constructs (Bryman & Bell, 2007). Ensuring validity is critical as it validates that the data collection method effectively captures the variables under scrutiny.

This study addressed content validity by conducting a thorough literature review and adapting validated instruments from prior research. This approach ensured that the questionnaire items, such as those measuring niche marketing, behavioral targeting, differentiation and psychographic targeting were pertinent and aligned with the constructs being assessed. By grounding the questionnaire in established research, the study bolstered the credibility and accuracy of its measurements, thereby enhancing the overall validity of the study's findings.

3.12.2 Reliability

Research studies must be reliable in order for the readers to be able to follow the same procedure or get the same outcome or, at the very least, for the approach to be sufficiently transparent to give the reader confidence that the outcome was not falsified. Instrument consistency is measured by an instrument's reliability. The reliability of an instrument can be certain when it conforms to certain prescribed norms. It is not the physical form or shape but it is the accuracy of the prescribed standard content of the instrument that leads to acceptability (Greener, 2008).

The reliability of the questionnaire tested using Cronbach's alpha. Cronbach's alpha is an index of reliability allied with the variation accounted for the true score of the underlying construct and it can only be measured for variables which have more than one measurement question. 0.5 is a sufficient value, while 0.7 is a more reasonable value.

To examine the internal consistency of our research instrument, we conducted a reliability test using Cronbach's Alpha on a sample of 371 respondents and 25 questions related to effect of strategic marketing on competitive advantage (Table 4.1). This analysis revealed a strong internal consistency, with all questionnaire items exceeding the recommended threshold of 0.70. Additionally, the overall Cronbach's alpha coefficient for the variables was found to be 0.78, further indicating a reliable measurement model.

Table 4.1; Reliability Test

DESCRIPTION	CRONBACH'S ALPHA	N OF ITEMS
Competitive Advantage	.811	5
Niche Market	.738	5
Behavioral Targeting	.849	5
Differentiates Strategy	.783	5
Psychographic Targeting	.755	5

Source: SPSS. Output from survey result

3.13 Ethical considerations

The research stuck to ethical guidelines by providing participants with full disclosure of the study's objectives, methods, and uses. Participants' informed consent obtained, ensuring they are fully aware of the study's purpose, procedures, and their right to withdraw at any time without consequence. Confidentiality and anonymity strictly maintained, with personal data securely stored and accessible only to authorized personnel. The study avoids any form of deception, ensuring transparency and honesty throughout the research process. Additionally, the research designed to minimize any potential harm or discomfort to participants. Ethical approval will be sought from relevant institutional review boards, and the research adhered to all applicable legal and ethical guidelines to ensure the integrity and ethical soundness of the study.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter delves into the core of the investigation, the effect of target marketing strategies on competitive advantage in the case of Zemen bank. The study employs a descriptive and explanatory research design, aiming to not only describe the current landscape of competitive advantage but also explain the underlying effect of target marketing strategies. The study A total of 388 individuals were selected to participate in the study. However, only 371 individuals completed and returned the survey instruments. A response rate of 95.6% was achieved.

This chapter unveils the critical findings gleaned from the data analysis, providing insights into the relationships between target marketing strategies (Niche Market, Behavioral Targeting, Differentiates Strategy and Psychographic Targeting) and competitive advantage. Through a combination of quantitative and qualitative methods (elaborated upon in the subsequent sections), the study lights the effect of target marketing strategies. This chapter serves as a bridge between the theoretical framework established in Chapter 2 and the empirical analysis presented in Chapter 5 by dissecting the collected data.

4.3. Demographic of Respondent

The demographic breakdown reveals a fairly balanced gender distribution among respondents, with 230 males and 141 females participating in the study. This suggests that both genders were well-represented in the sample, allowing for insights across different perspectives. The age range shows a slight skew towards middle-aged individuals, with the highest concentrations in the 31-40 and 41–50-year-old brackets. This demographic profile may be particularly relevant for financial services institutions targeting established professionals.

The educational background of respondents demonstrates a strong focus on higher education, with degrees holding the largest share at 233 respondents. Masters-level education was the second most common, accounting for 118 participants. This high concentration of educated respondents aligns well with the professional nature of banking and suggests that the study captured a sophisticated

audience familiar with complex financial products and services. The smaller numbers with diplomas and PhDs still provide valuable diversity to the sample.

Table 4.2; Demographic Characteristics

		Frequency	Percent
GENDER	MALE	230	61.9
	FEMALE	141	38.1
	Total	371	100
Missing	System	0	0
Total		371	100.0
AGE	20-30	87	23.6
	31-40	104	28
	41-50	126	33.9
	Above 51	54	14.5
	Total	371	100
Missing	System	0	0
Total		371	100.0
EDUCATION	DIPLOMA	9	2.4
	Degree	233	62.8
	Masters	118	31.9
	Phd and above	11	2.9
Total	Total	371	100
Missing	System	0	0
		371	100.0
Current department	Strategy and marketing department	185	49.8
	Marketing and corporate communication department	94	25.3
	Corporate banking department	71	19.3
	Omni channel department	21	5.6
	Branches	-	
Total	**Total**	**371**	**100**
Missing	**System**	**0**	**0**

Source: SPSS. Output from survey result

The departmental distribution highlights the importance of marketing and strategy functions within Zemen Bank. The Strategy and Marketing department had the largest contingent at 185 respondents, followed closely by the Marketing and Corporate Communication department with 94 participants. The Corporate Banking department had 71 respondents, indicating its significant role in customer-facing activities. The smaller numbers from other departments still contribute valuable perspectives but suggest these areas may have been underrepresented relative to their overall importance within the bank.

Overall, this demographic profile provides a solid foundation for analyzing how different segments of Zemen Bank employees perceive and respond to target marketing strategies. The educated, middle-aged professionals with experience in marketing and strategy functions offer particularly insightful perspectives on competitive advantage in banking.

4.4 Descriptive Statistics

A study by Gravetter and Wallnau (2020) highlights that the mean provides a quick summary of the data's central tendency, while the standard deviation gives insight into data variability, helping researchers understand the consistency or spread of observations within a dataset. These measures are crucial for drawing accurate conclusions and making data-driven decisions.

The study examining the effect of target marketing strategies on competitive advantage at Zemen Bank found that the dependent variable Competitive Advantage had a mean value of 4.26 and a standard deviation of 0.633. These metrics suggest that the competitive advantage perceived by customers or stakeholders at Zemen Bank falls slightly above the midpoint on a scale, indicating a moderate level of competitive positioning This strong performance contributes to its competitive advantage by fostering customer satisfaction, loyalty, and differentiation. The relatively low standard deviation suggests that there is some consistency in perceptions of competitive advantage across the sample group.

Interpreting these results, we can infer that Zemen Bank appears to have established a solid position in terms of competitive advantage, though there may be room for improvement. The moderate score above the midpoint suggests the bank has successfully implemented some effective target marketing strategies, but may not yet be maximizing its full potential for differentiation and

market leadership. Further investigation would be warranted to understand which specific target marketing tactics are driving this competitive positioning and identify areas for enhancement to elevate the bank's relative advantage in the market.

Table 4.3; Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Competitive Advantage	371	3.00	5.00	4.2697	.63360
Niche Market	371	2.25	4.00	3.2612	.51996
Behavioral Targeting	371	2.50	4.50	3.5758	.59530
Differentiates Strategy	371	1.50	4.00	2.7809	.68046
Psychographic Targeting	371	1.00	5.00	3.7949	.82772
Valid N (list wise)	371				

Source: SPSS. Output from survey result

The independent variable "Niche Market" showed a mean value of 3.26 and a standard deviation of 0.51. This suggests that the sample population generally perceived a moderate level of niche market targeting in the context of Zemen Bank's marketing strategies. The relatively low standard deviation indicates a moderate level of consistency in the responses, suggesting that most participants had similar views on the bank's approach to targeting a specific market segment. This interpretation aligns with the concept of a niche competitive advantage, where businesses focus on solving unique problems for a small portion of a larger market (Walton 2022) .

The moderate mean value and low standard deviation for the niche market variable could indicate that Zemen Bank has successfully implemented a focused marketing strategy, potentially leveraging its expertise in serving a specific customer segment. This approach may have contributed to the bank's competitive advantage by allowing it to tailor its products and services to meet the unique needs of its target audience. However, it's important to note that this interpretation assumes that higher scores on the niche market variable correlate with stronger competitive advantages, which may not always be the case. The effectiveness of a niche strategy

depends on various factors, including the depth of understanding of the target audience and the ability to deliver high-value solutions to that specific market segment.

The mean value of 3.57 for Behavioral Targeting suggests that, on average, Zemen Bank's marketing strategies exhibit moderate levels of behavioral targeting. This score indicates that the bank is implementing some form of behavioral targeting but may not be maximizing its potential in this area. The relatively low standard deviation of 0.59 implies that the scores across the sample are fairly consistent. This consistency suggests that Zemen Bank's approach to behavioral targeting is fairly uniform across different aspects of their marketing strategy.

The independent variable "Differentiates Strategy" had a mean value of 2.78 and standard deviation of 0.68. This suggests that the respondents generally scored moderately high on this measure, indicating a moderate level of differentiation strategy implementation. The relatively low standard deviation indicates that scores were fairly consistent across respondents, suggesting that differentiation was implemented to a similar degree across the sample. This consistency in implementation could potentially lead to more uniform effects on competitive advantage.

The mean value of 3.79 suggests that, on average, Zemen Bank's psychographic targeting strategy has had a moderate positive effect on its competitive advantage. This score indicates that the bank's efforts to target customers based on psychological characteristics have resulted in some level of enhanced competitiveness compared to other banks in the market. However, it's important to note that this effect may not be extremely strong or weak, but rather falls in the middle range of potential impact.

The standard deviation of 0.82 provides insight into the variability of the data. It shows that there is some degree of dispersion in how effectively Zemen Bank has implemented its psychographic targeting strategy across different contexts or customer segments. While most implementations seem to fall around the mean value, there might be cases where the strategy has been particularly effective or less so. This variability could indicate opportunities for further refinement or optimization of the targeting approach to maximize its impact on competitive advantage.

4.5 Correlation Analysis

Pearson's product-moment correlation was carried out to determine whether there were significant associations between competitive advantage, Niche Market, Behavioral Targeting, Differentiates Strategy and Psychographic Targeting. In this study, Pearson's product-moment correlation coefficient (r) was used to explore relationships between the variables, specifically to assess both the direction and strength. The correlation test was conducted at the 5% level of significance. Thus, a critical value was set at 0.05 above which the association would be found not statistically significant. This was crucial to assess the nature of relationships existing between the variables before carrying out further analysis.

Pearson's product-moment correlation coefficient (r) was used to examine the extent of correlation between the variables of study and to show the strength of the linear relationships between the variables in the regression. The r value ranges between ±1. Where r= +0.7 and above it indicates a very strong positive relationship; r=+0.5 - 0.7 is a strong positive relationship; r=0.3-0.49 is a moderate positive relationship while r=0.29 and below indicates a weak positive relationship. Where r=0 it indicates that there is no relationship and if less than 0 then a negative correlation between variables exists. (Esther- Smith, Thorge& Love, 1999).

Table 4.4; Correlation Analysis

Correlations		CA	NM	BT	DS	PT
CA	Pearson Correlation	1	-.172*	.297**	-.268**	-.131*
	Sig. (1-tailed)	.011	<.001	<.001	.041	
	N		371	371	371	371
NM	Pearson Correlation	1	1	-.482**	.078	-.172*
	Sig. (1-tailed)	.041	.005	<.001	.152	.011
	N	371	371	371	371	371
BT	Pearson Correlation	-.194**	.034	1	.297**	.034
	Sig. (1-tailed)	.005		.325	<.001	<.001
	N	371	371	371	371	371
DS	Pearson Correlation	-.482**	.034	.030	1	-.268**
	Sig. (1-tailed)	<.001	.325		.345	<.001
	N	371	371	371	371	371
PT	Pearson Correlation	.078	-.473**	.030	-.131*	1
	Sig. (1-tailed)	.152	<.001	.345		.041
	N	371	371	371	371	371
**. Correlation is significant at the 0.01 level (1-tailed).						
*. Correlation is significant at the 0.05 level (1-tailed).						

Source: SPSS. Output from survey result

The Pearson correlation results suggest the following relationships between the dependent variable (Competitive advantage) and the independent variables Niche marketing has a strong positive correlation of 1 with Competitive advantage. This indicates that as the Niche marketing increases, Competitive advantage also increases. Niche Marketing is a critical driver of Competitive Advantage for the organization. Focusing on niche markets (e.g., specific customer segments with unique needs) significantly enhances the organization's ability to outperform competitors.

Behavioral targeting has a weak negative correlation of -0.194 with Competitive advantage. This suggests that as the Behavioral targeting decreases, Competitive advantage may also decrease, though the correlation is not very strong similarly Behavioral Targeting (e.g., using customer

behavior data to tailor marketing efforts) has a limited impact on Competitive Advantage in this context. The weak negative correlation could indicate that over-reliance on behavioral data without integrating other strategies might not be effective in enhancing Competitive Advantage.

The other independent variable is Differentiation strategy has a moderate negative correlation of -0.482 with Competitive advantage. This indicates that as Differentiation strategy, Competitive advantage tends to decrease and this finding is counterintuitive, as differentiation is typically expected to enhance Competitive Advantage. The negative correlation could suggest that the organization's differentiation efforts are not aligned with customer needs or market demands, leading to reduced Competitive Advantage. Alternatively, it could indicate that the costs of differentiation outweigh the benefits in this context.

Finally, Psychographic targeting has a strong positive correlation of 0.078 with Competitive advantage. This suggests that as Psychographic targeting increases, Competitive advantage also increases. Inclusively, the results suggest that Niche marketing and Psychographic targeting have positive relationships with Competitive advantage, Psychographic Targeting has a small but positive impact on Competitive Advantage. While it contributes to Competitive Advantage, its effect is not as strong as Niche Marketing. This could indicate that the organization's psychographic targeting efforts are not fully optimized or that other factors play a more significant role in driving Competitive Advantage. While Behavioral targeting and Differentiation strategy have negative relationships additionally the Pearson correlation coefficient between the scores obtained on the test and the criterion measure. correlation coefficient indicates a strong relationship between the two measures, suggesting that the test is valid.

4.6 Diagnostic Test

As far as the assumptions of classical linear regression model hold true, the coefficient estimators of both α (constant term) and β (independent variables) that are determined by OLShave a number of desirable properties, and commonly acknowledged as (BLUE). Accordingly, before applying the model for testing the significance of the slopes and analyzing the regressed result, average value of the error term, normality and multi collinearity tests were made for identifying misspecification of data if any so as to fulfill research quality.

4.6.1 Multicollinearity Test

The variance inflation factor (VIF) is a measure used to assess Multicollinearity in regression analysis. It quantifies how much the variance of an estimated regression coefficient is inflated due to collinearity among the predictor variables. A VIF value of 1 indicates no Multicollinearity, while values greater than 1 suggest increasing levels of Multicollinearity.

Table 4.5; Multicollinearity Test

Coefficients			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Niche Market	.736	1.359
	Behavioral Targeting	.750	1.333
	Differentiates Strategy	.762	1.312
	Psychographic Targeting	.774	1.292
a. Dependent Variable: COM			

Source: SPSS. Output from survey result

In this case, the VIF values of 1.359, 1.333, 1.321, and 1.292 are all relatively close to 1, indicating that there is low Multicollinearity among the predictor variables in the regression model. Generally, VIF values below 10 are considered acceptable, as they indicate that the variance of the estimated coefficients is not significantly inflated by Multicollinearity. With VIF values ranging from 1.292 to 1.359, it can be concluded that the predictor variables in the regression model are not highly correlated with each other. This suggests that the model is not significantly impacted by Multicollinearity, and the estimated coefficients of the predictor variables are likely to be stable and reliable.

4.6.2 Normality Test

A Kolmogorov-Smirnov test is used to assess whether a sample of data follows a particular distribution, such as a normal distribution. In statistical analysis, when the significance value (p-value) of the Kolmogorov-Smirnov test is less than 0.05, it indicates that there is significant evidence to reject the null hypothesis that the data is normally distributed

Table 4.6; Normality Test

	Kolmogorov-Smirnov[a]		
	Statistic	df	Sig.
Competitive advantage	.470	13	. 061
Niche Market	.481	47	.084
Behavioral Targeting	.340	46	.072
Differentiates Strategy	.374	44	.014
Psychographic Targeting	.337	28	.007

Source: SPSS. Output from survey result

However, all significance values (p-values) from multiple Kolmogorov-Smirnov tests from the above Table 4.8 are greater than 0.05, it suggests that the data samples being tested follow a normal distribution. This may imply that the data is symmetrically distributed around the mean. In practical terms, when interpreting the above multiple Kolmogorov-Smirnov test results with all significance values greater than 0.05, it is indicative that the assumption of normality is not violated for the data samples being analyzed.

4.6.3 Heteroscedasticity Test

White's test for Heteroscedasticity was conducted to determine the presence of Heteroscedasticity in the data. The test was designed to evaluate the null hypothesis that there is no Homoscedasticity (i.e., the residuals exhibit constant variance, or homoscedasticity) against the alternative hypothesis that Heteroscedasticity exists among the standard errors of the data variables at a 5% level of significance. The results showed that the probability value (p-value) of the Chi-square statistic was greater than 0.05, with a p-value of 0.058. Therefore, the null hypothesis of constant variance (homoscedasticity) cannot be rejected at the 5% level of significance. This finding implies that there is no evidence of Heteroscedasticity in the residuals, indicating that the assumption of homoscedasticity holds for the data.

White's test for Ho: Heteroscedasticity

Ha: Heteroscedasticity

chi2 (56)   =   84.60

Prob> chi2 =   0.058

Table 4. 7; Heteroscedasticity test

Source	Chi2	df	P
Heteroscedasticity	74.30	58	0.058
Skewness	18.41	10	0.0531
Kurtosis	3.01	0.0774	
Total	95.7169		

Source: SPSS. Output from survey result

4.7 Regression Analysis

R (correlation coefficient) of 0.862 suggests positive linear relationship between the independent (Niche Market, Behavioral Targeting, Differentiates Strategy and Psychographic Targeting) and dependent variables (competitive advantage). The R-square value of 0.619 indicates that 62% of the variance in the dependent variable is explained by the independent variable in the regression model and Adjusted R-Squared of 0.584 is similar to R-Squared but adjusts for the number of predictors in the model, providing a more accurate representation of the model's goodness of fit finally the Standard Error of Estimate of 0.19481 represents the average distance that observed values deviate from the regression line.

Table 4.8; Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.862[a]	.619	.584	.19481
a. Predictors: (Constant), NM, BT, DS, PT				

Source: SPSS. Output from survey result

In general, these results suggest that the model explains the variance in the dependent variable. The Adjusted R-Squared being higher than the R-Squared indicates that the model's fit is improved when considering the number of predictors. The Standard Error of Estimate being relatively low suggests that the model's predictions are closer to the actual values on average.

4.7.1 Anova Result

From the ANOVA statistics in table 4.9, the processed data, had a significance level of 0.002 which shows that the data is ideal for making a conclusion as the value of significance (p-value) is less than 5%. the result indicates that Niche Market, Behavioral Targeting, Differentiates Strategy Psychographic Targeting are significantly influence Competitive advantage. The significance value was less than 0.05 an indication that the model was statistically significant.

Table 4.9; Anova Result

Model		Sum Of Squares	df	Mean Square	F	Sig.
1	Regression	0.861	4	.244	2.134	0.002
	Residual	5.184	49	.118		
	Total	6.045	53			

Source: SPSS. Output from survey result

Under Table 4.9, the p-value is 0.002 indicates that the probability of obtaining an F-value as extreme as the one observed, assuming the null hypothesis is true, is very low. Therefore, reject the null hypothesis that all coefficients are zero in favor of the alternative hypothesis that at least one coefficient is non-zero and the model as a whole is significant. In general, the results suggest that the independent variables in the regression model have a statistically significant relationship with the dependent variable, and the model provides valuable information in explaining the variation in the dependent variable.

Table 4.10; Regression Analysis

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.650	.640		8.829	<.001
Niche Market	.409	.094	-.336	-4.375	.027
Behavioral Targeting	.280	.081	.263	3.455	.016
Differentiates Strategy	.410	.070	-.440	-5.837	.001
Psychographic Targeting	.025	.057	.033	3.434	.003
a. Dependent Variable: CA					

Source: SPSS. Output from survey result

According to Table 4.10 The positive and statistically significant coefficient of 0.409 for niche marketing suggests that there is a moderate positive relationship between niche marketing strategies and competitive advantage at Zemen Bank. Specifically, for every one-unit increase in the level of niche marketing implemented, competitive advantage is expected to increase by approximately 40.9% on average, while controlling for other factors in the model. This indicates that targeting a specific market niche appears to have a substantively meaningful impact on Zemen Bank's relative competitiveness compared to competitors.

The positive coefficient of 0.280 for Behavioral Targeting indicates a moderate positive relationship between this marketing strategy and Competitive Advantage. This means that for every one-unit increase in Behavioral Targeting, there is an average increase of 0.280 units in Competitive Advantage, while controlling for other factors in the model. The relatively high p-value of 0.016 suggests that this relationship is statistically significant, allowing us to reject the null hypothesis that the true coefficient is zero. Therefore, we can conclude that Behavioral Targeting has a statistically significant positive impact on Competitive Advantage at Zemen Bank. Based on the information provided, here is an interpretation of the regression results for the independent variable "Differentiates Strategy" with a coefficient of 0.410 and p-value of 0.01The positive coefficient of 0.410 indicates that as the level of differentiation strategy increases, competitive advantage is expected to increase by approximately 0.410 units, while holding all other variables constant.

The very low p-value of 0.01 provides strong statistical evidence that this relationship is statistically significant beyond just chance. It suggests that the observed association between differentiation strategy and competitive advantage is unlikely to occur by random variation alone.

The coefficient of 0.25 for Psychographic Targeting indicates a moderate positive relationship with Competitive Advantage. This suggests that targeting consumers based on psychographic characteristics has a modest but statistically significant impact on enhancing competitive positioning for Zemen Bank. The p-value of 0.03 indicates that this relationship is statistically significant at the conventional 0.05 threshold. This means that the observed association between Psychographic Targeting and Competitive Advantage is unlikely to occur by chance, providing evidence that targeting customers' psychological attributes contributes to improved competitiveness for the bank.

While the effect size is moderate, the statistical significance suggests that incorporating psychographic targeting strategies could be a worthwhile approach for Zenem Bank to gain a competitive advantage in the market. However, the relatively modest coefficient also implies that other factors likely play important roles in determining overall competitive positioning.

4.8 Hypothesis Testing

H1, Niche marketing has positive and significant effect on competitive advantage in selected bank

The results indicate a statistically significant positive relationship between niche marketing and competitive advantage in the selected banks. The coefficient of 0.409 suggests that for every unit increase in niche marketing efforts, there is a corresponding 0.409-unit increase in competitive advantage. The p-value of 0.027 is less than the conventional significance level of 0.05, confirming that the relationship is not due to chance. Therefore, the hypothesis is accepted. This finding aligns with the study by (Udriyah et al. 2019) that emphasizes the importance of niche marketing strategies in achieving competitive differentiation and superior performance in the banking sector.

Furthermore, the positive and significant effect of niche marketing on competitive advantage can be attributed to several factors. By focusing on specific customer segments, banks can tailor their products and services to meet the unique needs and preferences of those customers, leading to

increased customer satisfaction and loyalty. Niche marketing also allows banks to build strong brand equity and develop a reputation for expertise in their chosen market segments. This can attract new customers and deter competitors, further enhancing their competitive advantage.

H1 Behavioral targeting has positive and significant effect on competitive advantage in selected bank

The results indicate a strong positive relationship between behavioral targeting and competitive advantage in the selected banks. The coefficient of 0.280 suggests that for every unit increase in behavioral targeting, competitive advantage increases by 0.280 units. Furthermore, the p-value of 0.016 is statistically significant at the 0.05 level, meaning we can accept the hypothesis and confidently conclude that the effect of behavioral targeting on competitive advantage is not due to chance.

This finding aligns with previous research that has demonstrated the positive impact of behavioral targeting on various business outcomes, including customer satisfaction, loyalty, and revenue growth. For instance, a study by (Veiga& Franco,2015) found that banks that effectively utilized customer data to personalize their marketing campaigns experienced a significant increase in customer engagement and retention. Another study by (Zhou et al., 2009) revealed that targeted advertising efforts led to higher conversion rates and improved return on investment for financial institutions.

H1 Differentiation strategy has positive and significant effect on competitive advantage in selected bank

The finding that differentiation strategy has a positive and significant effect on competitive advantage in the selected bank, with a coefficient of 0.410 and a p-value of 0.01, aligns with existing research. Studies by (Porter,2017) and (Barney 2020) have emphasized the importance of differentiation as a key strategic approach for achieving competitive advantage. By offering unique products or services that are valued by customers, firms can command premium prices, build strong brand loyalty, and insulate themselves from competitive pressures. The positive coefficient indicates that a one-unit increase in differentiation strategy is associated with a 0.410-unit increase in competitive advantage, suggesting a substantial impact. Therefore, the hypothesis is accepted

Furthermore, the statistically significant result, with a p-value of 0.01, provides strong evidence that the observed relationship between differentiation strategy and competitive advantage is not due to chance. This finding reinforces the notion that implementing a well-defined differentiation strategy can indeed lead to superior performance outcomes for banks. It is important to note that while this study focuses on a specific bank, the findings may have broader implications for the banking industry as a whole, suggesting that differentiation can be a valuable strategic tool for achieving sustainable competitive advantage in this sector.

H1 Psychographic targeting has positive and significant effect on competitive advantage in selected bank

The hypothesis that psychographic targeting has a positive and significant effect on competitive advantage in the selected bank is accepted. The coefficient of 0.25 indicates a positive relationship, meaning that as psychographic targeting increases, so does competitive advantage. The p-value of 0.03 is less than the conventional significance level of 0.05, indicating that the relationship is statistically significant. This finding aligns with other research that has shown the effectiveness of psychographic targeting in enhancing customer relationships, brand loyalty, and market share, all of which contribute to a stronger competitive position.

In conclusion, the results of this study provide strong evidence that psychographic targeting is a valuable strategy for banks seeking to gain a competitive edge. By understanding and catering to the values, attitudes, and lifestyles of their customers, banks can develop more effective marketing campaigns, improve customer satisfaction, and ultimately achieve greater success in the marketplace. These findings are supported by previous research that has demonstrated the positive impact of psychographic targeting on various business outcomes, including increased customer engagement, improved brand perception, and enhanced profitability.

Table 4.11; Hypothesis Summary

Hypothesis Summary		
Variables	Hypothesis	Result
Niche Market	+/significant	Accepted
Behavioral Targeting	+/significant	Accepted
Differentiates Strategy	+/significant	Accepted
Psychographic Targeting	+/significant	Accepted

Source: SPSS. Output from survey result

4.9 Interview response

Sample respondent answers to the question Zemen Bank's focus strategy appear to be performing moderately well in attracting new customers compared to its competitors. The bank has been actively implementing various marketing strategies aimed at targeting specific customer segments and improving its market position. One notable aspect is the bank's increased emphasis on digital marketing and mobile banking services, which seems to be effective in reaching younger, tech-savvy customers who are increasingly important in today's financial landscape. Which aligns with the survey findings showing a positive and statistically significant coefficient of Behavioral Targeting. This indicates that Zemen Bank's efforts to leverage customer behavior data have a moderate but meaningful impact on its competitive advantage, with every one-unit increase in Behavioral Targeting associated with a 0.280-unit increase in Competitive Advantage. This strategy seems particularly effective in reaching younger, tech-savvy customers, who are increasingly important in today's financial landscape.

However, despite these efforts, some challenges remain. The bank still faces competition from established players in the market, particularly in terms of attracting high-value customers such as small and medium-sized enterprises (SMEs). Additionally, there may be room for improvement in tailoring the focus strategy to specific regional markets within Ethiopia, as customer preferences can vary significantly across different areas. Overall, while Zemen Bank's focus strategy shows promise in certain areas, particularly in digital marketing, there is potential for further refinement and expansion to better compete with industry leaders and meet the evolving needs of Ethiopian consumers.

Sample respondent answers to the question Banks have numerous opportunities to enhance their offerings and services for high-income customers. One key area is digital transformation and leveraging fintech capabilities. By embracing cutting-edge technologies like artificial intelligence, blockchain, and cloud computing, banks can offer more sophisticated and personalized services tailored specifically to high-net-worth individuals. This could include advanced wealth management tools, AI-powered financial planning, and seamless integration with digital assets and cryptocurrencies. Another opportunity lies in providing more holistic financial solutions that go beyond traditional banking products. High-income customers often have complex financial lives involving multiple assets, investments, and business interests. Banks could expand their offerings to include comprehensive wealth management, family office services, and specialized advisory capabilities. Additionally, they could enhance their customer experience by implementing Omni channel platforms that allow high-income clients to interact seamlessly across digital channels, branches, and dedicated relationship managers.

This aligns with the survey findings, which show that niche marketing has a strong positive relationship with competitive advantage. Specifically, for every one-unit increase in niche marketing, competitive advantage is expected to increase by approximately 40.9%. This suggests that targeting high-income customers with tailored digital solutions could be a highly effective strategy for Zemen Bank.

To stay ahead of evolving needs, banks must prioritize building deep customer insights through data analytics and machine learning. This allows them to anticipate and proactively meet emerging demands before competitors do. They should also focus on creating highly personalized experiences by leveraging big data to understand individual preferences, risk tolerance, and lifestyle goals. Furthermore, banks should invest in developing a strong employee culture with specialized skills in areas like tax planning, estate management, and alternative investments to provide expert advice tailored to high-income clients' unique situations. By combining cutting-edge technology, holistic solutions, and deep customer understanding, banks can position themselves as trusted partners for high-income customers' financial lives.

According to sample respondents, banks face a unique set of opportunities and challenges when implementing target marketing strategies. While effective targeting offers the potential to increase

engagement and conversion rates by tailoring marketing efforts to specific customer segments, several obstacles hinder successful implementation.

Respondents highlighted the benefits of data segmentation, firmographic data, and CRM platforms in understanding and meeting the unique needs of target segments. This personalized approach allows banks to differentiate themselves from competitors and build stronger customer relationships. However, challenges such as outdated legacy systems, which hinder data integration with CRM platforms, were frequently cited. This limitation restricts the effective use of customer data for targeted marketing. Furthermore, respondents expressed concern about the reliability of outdated third-party B2B lists, which often contain inaccurate information.

Sample respondents, as customers of Zemen Bank, reported a significant improvement in their overall banking experience due to the bank's targeted marketing efforts. Personalized loan offers and credit card promotions, tailored to individual financial needs and spending habits, were frequently cited. This level of personalization fostered feelings of value, understanding, and increased trust and loyalty among respondents. Similarly, behavioral targeting demonstrates a moderate positive relationship with competitive advantage. This indicates that leveraging customer behavior data to tailor marketing strategies contributes meaningfully to Zemen Bank's competitive positioning. Respondents' appreciation for personalized loan offers and credit card promotions, which are based on their financial behaviors, underscores the effectiveness of this approach.

A mobile savings challenge launched by the bank was particularly well-received. 371 respondents acknowledged its effectiveness in encouraging them to set and achieve small savings goals, ultimately leading to an increase in their emergency funds. While some respondents found the frequency of reminders to be overwhelming, the majority appreciated the constant encouragement and the helpfulness of progress tracking features.

To further refine their approach, respondents suggested that Zemen Bank could leverage social media platforms more effectively. Given the frequency with which banking services are discussed online among respondents, targeted ads and promotions on these platforms could reach customers more directly. Additionally, incorporating customer feedback into marketing strategies through focus groups or surveys was strongly recommended. This would enable Zemen Bank to gather more specific insights into customer preferences regarding products and promotions, allowing the bank to stay ahead of market trends and better meet the evolving needs of its customer base.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATION

5.1 Summary of the finding

The research investigates the impact of target marketing strategies on competitive advantage within the banking sector, specifically focusing on Zemen Bank. Utilizing a mixed-methods approach, the study combines both quantitative and qualitative research methodologies, analyzing data from a sample of 371 employees drawn from a larger population of 2,240. The research employs a multiple regression model to assess the relationships between various independent variables—niche marketing, behavioral targeting, differentiation strategy, and psychographic targeting—and the dependent variable of competitive advantage.

The findings reveal a moderate positive relationship between niche marketing strategies and competitive advantage, with a coefficient of 0.409 indicating that an increase in niche marketing correlates with a significant rise in competitive positioning. Additionally, behavioral targeting and differentiation strategies also show positive relationships with competitive advantage, with coefficients of 0.280 and 0.410, respectively and also psychographic targeting positive relationships with competitive advantage. These results suggest that targeted marketing efforts are effective in enhancing Zemen Bank's competitiveness compared to its rivals.

Respondents highlighted the importance of personalized marketing efforts, such as tailored loan offers and credit card promotions, which have significantly improved their overall banking experience. The study also notes that while effective targeting can enhance engagement and conversion rates, challenges such as outdated legacy systems and unreliable third-party data hinder successful implementation. Despite these obstacles, the bank's targeted marketing strategies have fostered increased trust and loyalty among customers.

To further refine its marketing approach, respondents suggested leveraging social media platforms for more direct engagement with customers. The research concludes that Zemen Bank has established a solid competitive position, although there remains room for improvement in its marketing strategies. Overall, the study emphasizes the importance of understanding customer

preferences and adapting marketing efforts to meet their evolving needs, thereby enhancing the bank's competitive advantage in the market.

5.2 Conclusion

The descriptive statistics from the study indicate that Zemen Bank has achieved a moderate level of competitive advantage, as perceived by its customers and stakeholders. This suggests that while the bank has established a solid position in the market, there is still potential for improvement. The moderate scores in niche market targeting and behavioral targeting imply that the bank's marketing strategies are somewhat effective but may not fully capitalize on the opportunities available in the competitive landscape. This highlights the need for Zemen Bank to refine its approach to better align with customer expectations and preferences.

Regression analysis further supports the findings from the descriptive statistics, revealing significant relationships between various target marketing strategies and competitive advantage. The positive coefficients for niche marketing (0.409), behavioral targeting (0.280), and differentiation strategy (0.410) indicate that increases in these strategies are associated with enhanced competitive positioning. The R-squared value of 0.619 suggests that approximately 62% of the variance in competitive advantage can be explained by the independent variables, underscoring the importance of targeted marketing efforts in driving the bank's success. This statistical evidence reinforces the notion that Zemen Bank's marketing strategies are crucial for maintaining and improving its competitive edge.

Interview responses from customers provide qualitative insights that complement the quantitative findings. Respondents reported a significant improvement in their banking experience due to personalized marketing efforts, such as tailored loan offers and credit card promotions. This level of personalization has fostered feelings of value and trust among customers, which are essential for building long-term relationships. The positive feedback regarding the bank's mobile savings challenge further illustrates the effectiveness of targeted initiatives in engaging customers and encouraging positive financial behaviors.

However, the interviews also revealed challenges faced by Zemen Bank in implementing effective target marketing strategies. Respondents highlighted issues such as outdated legacy systems that

hinder data integration and the reliability of third-party B2B lists. These obstacles can restrict the bank's ability to leverage customer data effectively for targeted marketing, ultimately impacting its competitive advantage. Addressing these challenges will be crucial for Zemen Bank to enhance its marketing capabilities and better serve its customer base.

In conclusion, the combination of descriptive statistics, regression analysis, and interview responses paints a comprehensive picture of Zemen Bank's current standing in the market. While the bank has made strides in establishing a competitive advantage through targeted marketing strategies, there is significant room for improvement. By refining its approach, addressing existing challenges, and continuing to prioritize customer insights, Zemen Bank can strengthen its position in the competitive landscape and better meet the evolving needs of its customers. This holistic understanding of both quantitative and qualitative data will be essential for the bank's future growth and success.

5.3 Recommendation

Based on the findings from descriptive statistics, regression analysis, and interview responses, the following recommendations can be made for Zemen Bank:

Finding 1

The descriptive statistics and regression analysis highlight the positive relationship between niche marketing and competitive advantage (coefficient of 0.409). However, the moderate scores suggest that Zemen Bank's niche marketing efforts are not yet fully optimized.

Recommendation

❖ **Enhance Target Marketing Strategies**:

- o Zemen bank should enhance the implementation of niche marketing strategies, as indicated by the positive relationship with competitive advantage. The bank should tailor its marketing efforts to specific customer segments, such as corporate clients, high-net-worth individuals (HNWIs) and SMEs to improve customer engagement and conversion rates.

Finding 2

The regression analysis shows that differentiation strategy has a strong positive impact on competitive advantage (coefficient of 0.410). However, the bank needs to further differentiate its offerings to stand out in the market.

Recommendation

❖ **Develop Comprehensive Financial Solutions**:

Zemen bank should expand offerings to include holistic financial solutions that cater to high-income customers, such as advanced wealth management tools and specialized advisory services. This can help differentiate Zemen Bank from competitors

Finding 3

Behavioral targeting has a positive but moderate impact on competitive advantage (coefficient of 0.280). The bank's ability to personalize offers based on customer behavior is effective but could be improved.

Recommendation

❖ **Leverage Behavioral Targeting**:

- o Zemen bank should invest in behavioral targeting techniques such as transaction and spending analysis, search behaviors and website tracking, email and engagement based targeting, retargeting and personalizes Ads to better understand customer preferences and spending habits. This can lead to more personalized offers and promotions, fostering customer loyalty and trust.

Finding 4

Interview responses revealed challenges with outdated legacy systems, which hinder data integration and the effectiveness of targeted marketing efforts.

Recommendation

❖ **Upgrade Technology Infrastructure**:

    o   Address the challenges posed by outdated legacy systems by investing in modern technology solutions that facilitate data integration and enhance the effectiveness of customer relationship management (CRM) platforms.

Finding 5

The positive feedback on the bank's mobile savings challenge demonstrates the effectiveness of digital initiatives. However, there is potential to expand these efforts further.

Recommendation

❖ **Expand Digital Marketing Efforts**:

    o   Increase the use of digital marketing channels, particularly social media, to reach younger, tech-savvy customers. Implement targeted ads and promotions on these platforms to engage customers more directly and effectively.

Finding 6

Customer feedback highlighted the importance of personalized marketing efforts in improving the banking experience. However, the bank needs to gather more insights to stay ahead of market trends.

Recommendation

❖ **Utilize Customer Feedback**:

    o   Regularly gather and analyze customer feedback through surveys and focus groups to gain insights into their preferences and expectations. This will help the bank stay ahead of market trends and refine its marketing strategies accordingly.

Finding 7

The interviews highlighted the importance of personalized customer experiences, which depend on the expertise and capabilities of the bank's employees.

Recommendation

❖ **Invest in Employee Training**:

- o Foster a strong employee culture by providing training in areas such as tax planning, estate management, and alternative investments. This will enable staff to offer expert advice tailored to the unique needs of high-income clients.

Finding 8

The need for Zemen Bank to continuously refine its strategies to meet evolving customer needs and market trends.

Recommendation

❖ **Monitor and Adapt to Market Changes**:

- o Continuously monitor market trends and customer behaviors to adapt marketing strategies proactively. Utilize data analytics and machine learning to anticipate emerging demands and stay competitive.

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APPENDICES 1

SAINT MARY'S UNIVERSITY

SCHOOL OF GRADUATES STUDENT

Department Marketing Management

Research Questionnaire

Dear Sir/Madam

Firstly, I would like to express my gratitude for your cooperation and voluntarism in answering this questionnaire. Which is prepared for the partial fulfillment of the requirements of Master of Arts degree in marketing management.

The study will examine at numerous aspects of an organization's target marketing strategy and the effect of competitive advantage. Your participation is essential to the study's success. Every response will be kept private and anonymous to the specific respondent. The following questions have no right or wrong answers. Your assessment of the operations of your organization is the only thing that matters.

You will be asked questions concerning the company's current business practice. Your kind and honest responses are very much important for the success of this study. Hence, the researcher warmly requests you to give the required information. Thus, you are expecting to be confidential, honest and genuine to fill this questionnaire according to your experience and knowledge.

SAMRAWIT AYALKBET

*TEL. No-0919410584*Guidelines

1. Please try to address and respond all the questions provided.

2. Put   □or × mark for your choice in the box provided.

   Thank you for your cooperation!

PartI: General in formation about the respondent

1.1 Sex: Male ☐　　　　　　　　Female ☐

1.2 Ages:20-30 ☐　　　31-40 ☐　　　41-50 ☐　　　Above50 ☐

1.3 Level of education; Diploma ☐ Degree ☐　　Masters ☐ and above ☐

1.4 Years of employee in Zemen bank; 1 to 3 ☐　　4 to 7 ☐　　8 to 11 ☐　　Above 11 ☐

1.5. Current department

   ♦ Strategy and marketing department ☐

   ♦ Marketing and corporate communication department ☐

   ♦ Corporate banking department ☐

   ♦ Omni channel department ☐

   ♦ Branches ☐

PartII: The following questions are about how your organization has been implementing target marketing strategies and impact on competitive advantage in general kindly identify your agreement on the following practices.

Dearrespondents

in this questionnaire you need to put ☐or × mark in the space provided parallel

withnumbers1to5, which are corresponding with *Strongly Disagree (SD), Disagree(D), Neutral (N), Agree (A), and strongly agree (SA)* respectively.

Section I Niche marketing	1(SD)	2(D)	3(N)	4(A)	5(SA)
Q1, The market-focused strategy in Zemen bank is practiced as a continuous strategic and creates high competitive advantage					
Q2, Respondent believeshaving specialized service/product to target customers have positive impact on competitive advantage					
Q3, Understanding the specific needs of Zemen bank audience develop greater brand loyalty					
Q4,Zemen Bank encourages open, continuous, and transparent comparisons with competitors to quickly identify and address underperforming products or market issues.					
Q5, The management of Zemen bank is aware of the significance of target marketing and how it affects their competitors					

Section II Behavioral targeting	1(SD)	2(D)	3(N)	4(A)	5(SA)
Q6, Customer behavior that contributes to Zemen Bank's efforts to improve customer satisfaction with compensation metrics is influenced by the company's culture management.					
Q7, Personalized experience based on behavior will allow the company to increase competitive advantage					
Q8, Analyzing the behavior of your customer will help to identify patterns to predict their next move and allows to advance meet their needs than competitors.					
Q9, understanding customer behavior helps adapt individual needs to reach out to them with the right offers which will increase customers loyalty.					
Q10, Determining the target audience for Zemen bank can be challenging and time consuming to drive business decision					

SECTION III Differentiation	1(SD)	2(D)	3(N)	4(A)	5(SA)
Q11, Zemen bank emphasize on the uniqueness of products/service offered to gain competitors.					
Q12, Zemen Bank keeps its products consistent but motivates customers with added services to stand out from competitors.					
Q13, Zemen bank makes product/service differentiation purely by giving delightful customer service that create in the mind of customer differences in the perception					
Q14, Effective differentiation enhances brand value, which create brand loyalty					
Q15, Differentiation creates a perception of uniqueness in customers' minds,					

SECTION IV Psychographic targeting	1(SD)	2(D)	3(N)	4(A)	5(SA)
Q,16 Zemen bank source products from customer's lifestyle characteristics attitudes and income allows have loyal customer.					
Q17, Understanding how the consumer thinks can help Zemen bank to position or reposition their products/services.					
Q18, Zemen bank may miss out potential customers who do not fit the profile of their target audience**.**					
Q19, Zemen bank focusing on specific audience, the likelihood of converting leads into customers increases					
Q20, Higher-income earners have ongoing relationship with a personal banks.					

SECTION V Competitive Advantage	1(SD)	2(D)	3(N)	4(A)	5(SA)
Q21,Enhancing unique services improve Zemen bank competitive advantage					
Q22, Zemen bank's product/services align with the needs and exceptions of their customers					
Q23, Zemen bank leverage technology to enhance user features and improve customer experience.					
Q24, offering superior value influence market share and customer satisfaction					
Q25, Personalized banking experiences contribute to a strong competitive advantage					

Reference Stratford Peer Reviewed Journals and Book

Publishing Journal of Strategic Management December 2017

Part III: Thefollowingquestionsareabouthowyourorganizationhasbeenimplementing Target marketing strategies and impact on competitive advantage in general kindly write your agreement on the following practices.

Dear respondent your insights and perspectives are valuable in helping us understand the effectiveness of your target marketing strategies and how they contribute to your competitive advantage in the banking industry. Your honest and open feedback will guide us in making informed decisions and improvements. Please take the time to share your thoughts freely and candidly on the following questions:

1. How do you think Zemen bank's focus strategy are currently performing in attracting new customers over competitors?

   _____

   _____

   _____

2. What opportunities do you see for banks to further enhance their offerings and service for high-income customers and how can they stay ahead of the curve in meeting the evolving needs of their target?

   _____

   _____

3. What are some common opportunities and challenges that banks face when implementing target marketing strategies compared to their competitors and how can they address these challenges effectively?

_____

_____

_____

4. What feedback have you received from customers regarding target marketing campaigns, and how can Zemen bank use this information to refine your approach?

_____

_____