Consumer Market Segmentation Adoption and Its Influence on the Performance of Tanzania's Banking Industry

Omari K. Mbura[1] and Sumaya M. Kagoya[2]

Abstract

The objective of this study was to establish the influence of market segmentation sometimes referred to market partitioning as a marketing strategy on the banking industry performance, with evidence from the Tanzania Postal Bank (TPB) Bank Plc currently known as the Tanzania Commercial Bank (TCB). Structured questionnaires were used to randomly collect data from 242 Tanzania Postal bank employees. Multiple regression analysis was used to quantitatively analyse data. Findings revealed that all the four constructs of market segmentation have a positive influence of which only three namely demographic, geographic and psychographic constructs significantly influence performance of the bank. The other variable of behavioural construct had a positive but insignificant influence on the Bank performance. From the findings, it is recommended that effort should be made to segregate markets, based on their demographic, geographic and psychographic characteristics. The banks should then tailor their marketing efforts by considering specific needs for each of the market segments based on those with most influential attributes in each of the significant constructs. This would allow for an effective alignment between Tanzanian banking products and the consumers' needs and interests.

Keywords: Market segmentation, marketing strategy and bank performance

Introduction

In recent years, the banking services market has been developing dynamically, experiencing a strident upsurge in competition (Klochko, & Piskunova, 2023). Banks that provide maximum gain for each customer gain the most momentous competitive advantage. The sales model in the corporate banking (not excluding retail banking though) is associated with personal contact between bank employees and business owners, and the subsequent establishment of discrete service conditions. With this appreciated view, one of the most challenging aspects facing the banking sector globally is how to serve diverse customers especially in the eve of competition (Mbura & Sekela, 2020). Serving customers is a critical undertaking in the service sector including the banking industry. Service organizations, including banks, have to introduce customized products and services that make customers satisfied by understanding their expectations instead of solely concentrating on meeting their company needs (Failte, 2013). Kessy (2020) opines those commercial banks all over the world, Tanzania, inclusive strive to maximize and exploit the banking sector opportune to its maximum potential, calling for a need to capitalize in strategies, geared towards attracting and retaining customers through offering satisfying quality service that resonate with customer demands.

[1] University of Dar es Salaam Business School, Tanzania
Email: mburao@yahoo.com
[2] Makerere University Business School, Uganda

It should be noted that, in the business perspective, regarding future profitability, marketing grasps that, this can best be attained with a focus on the coordinated activities of a particular organization to satisfy the needs of specific market segments (Almestarihi *et al.,* 2024; McKenzie & Puerto, 2021). According to Alfansi and Sargeant (2000) and Mistrean (2023), the sector of banking as one of the services dealing with financial matters requires unfaltering customers who are loyal enough for lucrativeness in this period of time with too much competition amongst several commercial enterprise mediator. In coping with changes in customer preferences and needs, development in the financial and banking sector through investment in new technologies (Tong & Yang, 2025), increased number of products and services offered and deregulation process, segmentation practices have been made very significant in the industry (Tekiner & Alkan, 2025). In the view of Kotler and Armstrong (2018), the application of market segmentation attributes is one the strategies for a company's survival and development. This is being achieved in the banking organizations, when the banks have a possibility of isolating their markets while products or services are designed and differentiated in a unique form to the extent that they are difficult to be imitated by competitors. This resonates with the banking and financial environment in Colombia which has witnessed several regulatory adjustments and competitive dynamics that have made dissection practices an imperative determinant in their effective service offering. This has subsequently impacted immensely on the performance in the banking sector (Asiedu, 2016).

According to Alt et al. (2021), the banking sector has been taking service offering such as risk preferences, customer characteristics, saving patterns, income, and demographic professional as the basis for market segmentation. This market segmentation strategy has been followed by the banks for their service differentiation and creation of an image that is linked to the supply of a a couple of quality services (Ansari & Sen Gupta, 2024). It is because of this fact that most of the banks have placed their focus on market segmentation to meet their customer individual needs through achieving their expectations. To increase market share and position, banks do not have an alternative rather than producing and designing quality products and services to meet the differentiated customer needs. This calls to the fact that segmentation of the the market is a vital concept in the service sector of finance (Ghosh *et al.,* 2024). This article is centred at the Dynamic Capability Theory and market segmentation theories. Accordingly, the Dynamic Capability Theory reflects the ability of an organization in achieving new and creative forms of competitive advantage within a given market position (Best et al., 2021; Teece et al., 1997), while market segmentation proposes that the market for any product or service can be divided into sub-markets or segments; these could include meaningful buyer groups, each with its own discrete needs, wants or preferences (Harris et al., 2021). It is worth noting that, the banking sector possess customers with different purchasing behaviours coupled with varying needs hence necessitating customization (Sreejesh, 2024).

The acclivity number of financial licensed institutions (banks) in Tanzania has resulted into high rivalry within themselves (Muchibi, 2024). This is partly due to the fact that most of these financial intermediaries offer similar products and services to their destined customers. The last two decades have witnessed rampant transformation in the way business is done in the financial sector, particularly in the banking industry (Lubawa & Litt, 2025). Specifically, the leading cause for the drastic alteration in the Tanzanian banking sector business operations, are the key state policies for ICT and globalization (Ndekwa, 2025). In Tanzania, the TPB Bank Plc is amongst the banks that have attracted attention today. It originally focused on providing financial services to the domestic market and later embarked on promoting financial inclusion and empowering Tanzanians by supporting them develop a saving spirit and access to borrowing. Following this change in focus, TPB is currently investing much of its energy towards satisfying its diverse customers through different marketing endeavours. TPB considers key elements for accelerating the profitability, shares in the market, plus performance in a disconnected market-structure like the Tanzanian banking sector via the market-segmentation strategy (Mgangaluma et al., 2024). This stiff rivalry in the financial sector has provoked banking institutions to alter tactics for survival in competitive industry in the 21st century (Kagoya & Jani, 2018).

There are specific distinctives of the market of the finance industry including a diverse customer base, with different needs and buying behaviour (Mawoli, 2017). These characteristics make the banking business especially appropriate for market segregations. The changing and the increasingly more competitive market environment for financial service providers including banks has recently resulted in some growing interest in the effects of demographic, psychographic, geographic and behavioural segmentation on bank performance. A study by Li, X., and Song (2021) indicated that the impact of geographical diversification on banks' performance was more significant among city commercial banks that are younger, and have a lower capital adequacy ratio and a higher non-performing loan ratio. Imperatively, it was thought important to look at the influence of market segmentation on the banking industry performance using TPB Bank Plc as a study platform. The study employed the Market Segmentation Theory to show how the banks can get over the struggle of attaining customer's individual needs satisfaction and proper allocation of market resources (Haghighinasab, Ahmadi & Khobbakht, 2025). The theory was complimented by the Dynamic Capabilities Theory (DCT) that is accountable for helping businesses, bank inclusive to incorporate, manage their business operations, attain sustainability and competitive advantage in the dynamic business world (Binsar, 2025). Preceding authors assert that banks may get to know the roles of market segmentation and its strategies in the field of business for customer satisfaction (Puwanenthiren et al., 2015). The study therefore sought to ascertain the effect of market segmentation on the banking industry performance by assessing the extent to which demographic, psychographic, geographic and behavioural segmentations influence bank performance in Tanzania.

Theoretical Perspectives

The article is informed by dynamic capabilities and market segmentation theories, based on their strengths in addressing the challenges of complex markets and the significance of market segmentation in the bank performance. The former is a pre-requisite for market segmentation, towards bank performance.

Dynamic Capabilities Theory

According to Teece et al. (1997, 2014), the Dynamic Capabilities Theory (DCT) shows that the performance of an organization is highly dependent upon its ability in integrating, building and reconfiguring both external and internal competencies to address the rapidly changing environment. The dynamic capabilities therefore are the reflection of the abilities of an organization to attain new and creative features of competitive advantage within a provided market position. In the view of McDougall, Wagner and MacBryde (2021), Hou and Chien (2010), the dynamic capability concept as a source of competitive advantage is at the heart of strategy research. Hermann et al., (2017); Landroguez et al., (2011) further reiterates that DCT fills the gap of accounting for market dynamism.

Teece (2007) made a significant contribution by revealing the micro-foundations for the three key DCT dimensions: *sensing* (identification and evaluation of an opportunity), *seizing* (deployment of resources to address an opportunity and to capture value) and *transforming* (continued revitalization that is, reconfiguring the business firm's intangible and tangible assets). These views suggest that effective and sustainable market partitioning by banks require support of the three key contributions; in that, acquisition of market segments competitively require identifying the segment, mobilizing resources and continuously measuring customer satisfaction in the respective segment to ensure that they continue doing a good job for the segment. *Seizing*' on one hand is described by Makinde (2015) as something which stresses on gaining advantage on the available opportunities to create competitive advantage and values. It involves assets and human resources acquisition for the effectiveness of operation and achievement of the set objectives. This is ideally preceded by *Sensing* where identification of suitable opportunity dominates. *Transformation,* on the other hand, is the process of reconfiguring organizational activities, as a renewal, to suit the circumstances of time. This includes restructuring of the marketing environment to face the current and dynamic business encounters and bench-marking all segments of the markets to augment market performance as stipulated by DCT.

A study by Li and Liu (2014) underscored that dynamic capabilities do positively and significantly influence competitive advantage, and environmental dynamism is an influencer rather than a moderator. This provides information on the need for managers to attain the set objectives on a gradual basis coupled with the achievement of the organizational competencies in dynamic environments (Ferreira et al., 2020; Ferdinand et al*.,* 2005). Accordingly, intangible and soft resources such as knowledge and skills need to be reconfigured and customised to suit the fluctuating business and market environment, through additional value to it. They report that customer relationship management, knowledge management and market orientation are the three significant elements of organizational capabilities required in creating satisfactory values to customers who often tend to be segmented in varied ways. This theory details how the internal abilities of the firm may be designed to achieve competitive advantage, a concept which aided this study with an in-depth understanding of the roles of market segmentation on the performance of the firm. Literature infers that internal abilities can translate into marketing capabilities. Accordingly, Wilden and Gudergan (2015) found out that marketing capabilities were positively associated with firm performance in a highly competitive environment. However, this theory cannot wholly address the attributes of market segmentation, hence the adoption of the Market Segmentation Theory.

Market Segmentation Theory

The concept of market segmentation (MS) alternatively referred to market partitioning is rooted in the ideas of Smith (1956) as a proposal for alternative undertaking in the development of market in a competitive arena. Armstrong and Kotler (2020:87) defines market segmentation as "dividing a market into distinct groups of buyers who have distinct needs, characteristics or behaviour and might require separate products or marketing mixes". Gary and Rangaswamy (2004:128) elaborate that "segmentation as the process of separating the market into groups of customers with similar needs, and initiating marketing activities that meet those needs, is vital for successful markets. Mbura and Bambaganya (2014: 14) express it as 'the process that organizations use to divide large, heterogeneous markets into small markets that can be reached more effectively and efficiently with the product or service that matches their unique needs'. This study adopts Gunter and Furnham's (1992, 2014) definition of MS, as a process that involves dividing the heterogeneous markets into homogeneous segments with similar characteristics (demand, needs, requirements, wants, test and preference) to be satisfied by a distinctive marketing mix. It should be recalled that despite the absence of an inimitably putative definition of MS, it is generally accepted as a grouping of a mass market into smaller and more manageable segments (Casabayo et al., 2015). Smith described the Marketing Segmentation Theory (MST) as a condition of growth when core markets are developed on a generalized basis to the point where additional promotional expenditures are yielding diminishing returns, implying that return on marketing investment (ROMI) is at best achieved with effective match of the organizational resources to the targeted markets.

The concept of MS has common variables for consumer markets and it works for virtually for most companies, banks inclusive. It evolves with the division of a broad target market into smaller groups to make marketing simpler and easier to undertake. Smith (1956), considers segmentation as a management tool that enables firms to subdivide their market based on the similar behaviour of consumers into discrete consumer groups. The tool can help firms to identify the inadequately met customer needs and competitively fulfil them (Kshetri et al., 2024). This signal that market segmentation provides an important foundation for successful activities and ultimately meeting targeted organizational performance. The latter is referred in this study in the context of four varied performance metrics namely, financial, production, market and innovative performance (Lilly & Juma, 2014). Normally, an MS strategy that is successful demands substantial and adequate resources as human and financial resources. Thus, whenever benefits of using particular market segmentation out win the cost, such a strategy may be effective. According to Weinstein (2013), the main purpose of conducting research before segmentation is to make sure that the market is analysed, opportunities are found, and superior competitive advantages are capitalized. Taking an efficiency point of view, a successfully segmented market leads to better plans and more effective utilization of organization resources with the reason that they permit an organization to have focus on its important resources and competencies (Aghdaie et al., 2014).

The greatest challenge at this point is the way a market could be divided. Organizations may have varied dimensions to consider in segmentation when endeavouring to come up with the best way to view their markets (Moriarty & Reibstein, 1986). Often, researchers group the consumer markets using four segmentation dimensions namely: behavioural, psychographic, demographic and geographic variables.

Armstrong and Kotler (2020) assert that demographic characteristics include nationality, family life cycle, generation, gender, education, age, family size, social class income, religion, occupation and race. The demographic segmentation is largely used to segment market on the ground of easy to identify and measure the variables in use. It is also seen as a simple method of predicting future behavior, because target audiences with similar characteristics often behave in similar ways. Banks use demographic segmentation to divide customers into groups based on characteristics like age, gender, income and occupation. This can be useful for banks to understand their customers' needs and expectations, and to create more targeted marketing campaign. On the other hand, geographic segmentation divides customers into segments based on geographical areas such as nations, states, regions, counties, cities or neighbourhoods. It is important to adopt geographic segmentation due to the fact that the purchasing behaviours of the customers are influenced by where they live, work and like (Gunter & Furnham, 1992). Furthermore, because of increased globalization, geographic segmentation has been linked to other differences in social-economic and demographic characteristics (Suh & Chow, 2021). This segmentation depends on the geographic units like regions, states, cities, countries, provinces, and neighbourhood (Kopczewska & Ćwiakowski, 2021). It has also been regarded as instrumental to better meet the needs and preferences of customers in different areas, ultimately leading to more effective marketing campaigns and higher customer satisfaction. Finally, it has been credited due to its being much more objective than other types of market segmentation. Geographic segmentation allows banks to offer location-specific services, such as local investment opportunities or mortgage products that cater to the housing market in a particular area.

Psychographic segmentation is a deeper level of segmentation that analyses customers' lifestyles, personality traits, values, interests, and attitudes (Broderick & Pickton, 2005). Psychological profiles are often used as a supplement to geographic and demographics when they do not provide a sufficient detail of the customer behaviour. Some bank marketers have used personality variables to segment the markets. Psychographic insights help banks align their branding and marketing efforts with customer motivations. Lastly, behavioural segmentation is based on sorting and grouping customers based on the behaviours they exhibit largely manifested through the customers' attitude towards use of, or response to a product. Many marketers believe that the behavioural variables such as occasions, benefits, user status, usage rate, buyer-readiness stage, loyalty status and attitude are the best attributes for constructing behavioural based market segments. By combining the different behavioural variables, it is possible for marketers to get a view of a market, its segments and this helps in targeting strategies (Suh & Chow, 2021; Kotler & Keller, 2013). The MST infers the bases of segmentation as used in this article namely, demographic, geographic, behavioural and psychographic as they relate to performance of the banks.

Empirical Literature Review

Using market share, geographical location and pricing variables, Asiedu (2016) examined the market segmentation effect on the performance of selected commercial banks in Colombia. Findings indicated that segmentation practices have hugely impacted the performance of the Columbia selected commercial banks through reducing their overall operation unit cost, increasing their market shares, retaining their existing customers, bettering their communications, increasing profitability and focusing on their company. Nicoletti and Nicoletti, (2021) revealed that customer partitioning is essential in banking as it facilitates entrance of new customers majority being the so-called millennials into the market. Rao and Mahalingam, (2025) emphasize that financial institutions need to rethink by focusing on the customer segmentation strategy, that puts focus on one person's segment. They recommend that banks can introduce new customized services in this direction. Lai et al. (2021) examined the influence of market segmentation on industrial transformation in China. Panel data were used being extracted from 30 provinces, for a period from 2004 to 2017. Their findings envisaged that market segmentation possesses an inverted U effect on the current and future performance of industrial transformation. This implied that industrial transformation can be improved via market segmentation, resulting to promotional significance for the green economic development, in the Chinese context.

Hatheway et al. (2021) examined the trading impact on markets partly exempt from the dark venues or national market system requirements on equity-market quality in the United States. Findings revealed that the effect of dark-venue order segmentation was destructive to the whole market equity, apart from trading in small stocks and large transactions. More so, results revealed that dark-venue depends on their distinct features to segregate the order flow hinged on asymmetric information risk, hence resulting in less informed and little contribution of their transaction to the price discovery on the amalgamated market. Another study by Oko and Essien (2014), on the level of adoption of market portioning in the equipment leasing industry in Nigeria, found that the value and volume of business transactions in that industry is trivial thus lessors are involved in the scramble with merchandising rather than in specialized operational fields of equipment leasing among others. Thus, the market segmentation is adopted as the way of enhancing the lessors' financial base for specialized operation. Chin et al.'s (2012) findings on the evolution of mobile business in relation to market segmentation in Taiwan revealed that banks can profit from mobile customers by providing customized banking services. A study stresses that for effective marketing of mobile banking services to customers, segmentation ought to prevail at forefront. It was indicated that mobile customers could be segmented based on different lifestyles. Finally, it was ascertained that strategies for promoting mobile banking services to the identified customer groups ought to focus on the causality relationship among service quality, customer satisfaction and customer loyalty hence the bank could adapt use of these strategies to the users in the mobile market.

Ateboh-briggs (2014) studied on the connection between market segmentation and customer loyalty of deposit banks in Port Harcourt, Nigeria. Though the use of a multiple regression analysis, it was established that most bank customers are either retained or become loyal to banks purely on the basis of the credibility of the banks and not solely on the market segmentation. Moreover, the quality of bank services and alignment to the needs of customers as well as satisfaction achievement, are foundations to the customer attraction and retention. Masood and Ashraf's (2012) study on the factors which determine the choice of retail banks in Nigeria found out that there are differences in factors for choice applied by female and male customers in the selection of retail banks. A study by Tesfom and Birch (2011) exposed the findings that young and older bank customers differ significantly in their satisfaction and retention preparedness levels. Younger customers are more probable to easily shift their banks. Therefore, for effective customers retention banks need to offer more customized attractions than it would be for more aged customers. Tanzanian-based research by Akinboade (2000) on the relationship between market segmentation and financial sector growth was carried out in Tanzania. The study was used total bank deposits to measure financial deepening among the targeted segment of corporate clients. It was discovered out that the relationship between market segmentation and financial sector growth were more mixed in that the relationship is negative and significant during the period of financial liberalization but insignificant during the period of financial repression.

Beckett et al. (2000) demonstrated (by the use of a model) through two principal factors namely uncertainty and involvement that determine and motivate individuals contracting choice, that it is possible to engage into market segmentation. Using a model that places the two variables in a simple continuum running from high to low the study revealed that the traditional segmentation variables of age, stage in the family life cycle and social class provide insight into the financial services and customer behaviour.

Synthesis and the Research Gap

Some of the findings in related literature detail that segmentation has benefited some sections of the banking industry more than others - allowing dominance of the market share and customer patronage. Banks with high level of market share demonstrate high customer retention ability and lower overall unit operating expenses. On the other hand, Adejoke and Adekemi (2012) indicated the existing relationship among the marketing mix and bank performance indicators in which case the relationship quality and relation benefits can be achieved through market segmentation. There is considerable diversity on how companies, banks inclusive deal with segmenting their customer base (Epetimehin, 2011). For example, Oher studies reported that there is satisfactory performance by adapting market segmentation based on demographic attributes (Masood & Ashraf, 2012) while negating other factors. This current study adapted the use of four constructs to generate a much more inclusive analysis of the influence of market segmentation on bank performance. There are also limited studies on the subject matter in the Tanzanian context- a knowledgeable gap which this study intended to address.

Conceptual Framework for the Study

Figure 1 which is largely informed by the MST discussed in previous section shows four predictor constructs namely, demographic, geographic, behavioural and psychographic dimensions as they relate to performance of the commercial banks. Understanding how banks perform through market segmentation requires the identification and understanding of how each of the key constituents of segmentation influences performance. This is considered important in developing much more workable strategies to achieve the intended outcome.

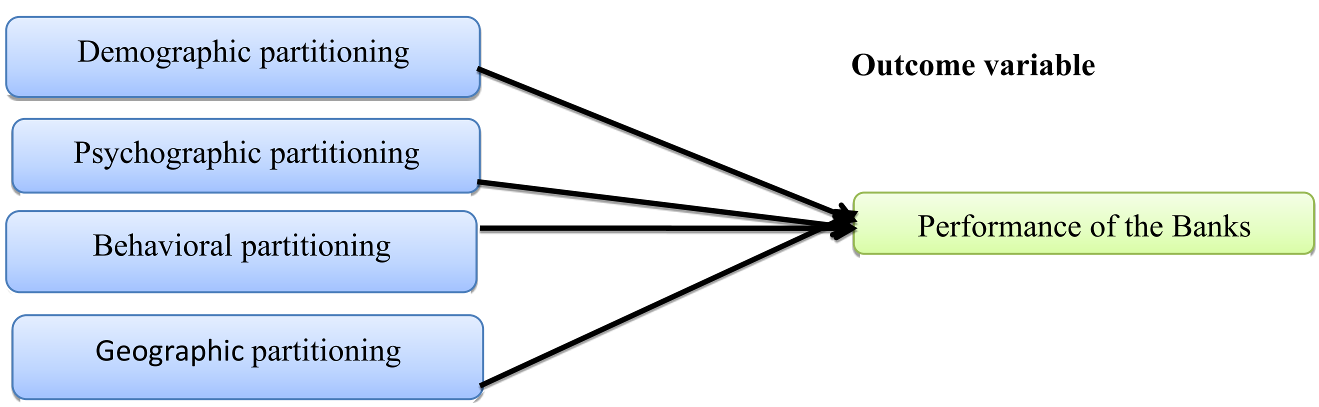

Figure 1: Conceptual Framework

Source: Developed from literature (2023).

Hypotheses

The article is guided by the following four hypotheses

(i) *Demographic segmentation has a positive influence on banks performance.*
(ii) *Psychographic segmentation has a positive influence on banks performance.*
(iii) *Behavioural segmentation has a positive influence on banks performance.*
(iv) *Demographic segmentation has a positive influence on banks performance*

METHODOLOGY

The study, being more quantitative, employed a positivism research philosophy (Saunders & Lewis, 2017). The study area was in the largest and most populated city of Tanzania - Dar es Salaam. The city has around a population size of 5,383,728 people (https://sensa.nbs.go.tz/publication/report7.pdf). The study was conducted amongst employees of TPB Bank in Dar es Salaam City where TPB Bank Headquarters are located. TPB Bank was appropriate for this study because it had embarked on new strategies to entice the market and had experience in its focus on customer sensitivity matters. Moreover, the number of employees had significantly increased over the years with multiple branches established within the domestic market of Tanzania. A descriptive study research design was adopted in describing the influence of the four constructs (demographic, geographic, psychographic and behavioural) on bank performance (Saunders et al., 2009; Mugenda, 2008).

The total population for the study encompassed of 900 employees from all the 14 branches of TPB in Dar es Salaam. A manageable and adequate sample size of N=242 (29%) employees was established for ensuring proper and appropriate collection of data (Saunders et al., 2009). Sufficient time was given for respondents to fill questionnaires accurately. To collect primary data, this study employed a self-administered questionnaire, which is normally credited for time saving, interviewer bias limitation, and involvement of a large sample. Confidentiality was also upheld (Kombo & Tromp, 2006; Genza & Musisi, 2018). For Reliability tests, Cronbach's coefficient alpha (α) for all constructs was greater than 0.7. All of the participants were provided with the same questionnaires that were prepared in a language that was reasonably intelligible to obtain reliable results. Data analysis was done using multiple regression analysis to examine the relationship between four predictor variables and an outcome variable, and thus enabling the researchers to analyse the relative influences of these predictor variables on the outcome criterion, as supported by Kothari et al. (2014).

Findings and Discussion

Practices of Demographic Market Segmentation

Respondents were asked about their view regarding the practice of demographic attributes and their influence on bank performance. With regard to occupation attribute, findings indicate that the majority of the respondents, that is 219 (90.5%) out of 242, agreed that the TPB groups its customers on the basis of their occupation. The results further demonstrated that only 10 (4.1%) of the respondents disagreed to the statement, whereas 13 (5.4%) were not sure. Again, of the 242 employees, 214 (88.4%) agreed that the age and lifestyle of customers determine the approaches to be applied in marketing. Only 2.5% of the respondents disagreed with the statement. Furthermore, the majority of the respondents agreed that men and women tend to be treated differently in some cases when it comes to their attitudes towards providing services and products to them. A total of 213 (88%) respondents agreed with the statement, 12 (5%) disagreed and 17 (7%) were neutral. Lastly, respondents were asked about their perception on market segmentation on the basis of income by the bank customers. The majority of the sampled respondents i.e. 222 (91.7%) agreed that income always predicts the most suitable customers for a given service or product in a bank, 8 (3.3%) disagreed, and 12 (5%) were neutral.

Data was analysed based on the mean and standard deviation scores of variables so as to rank the attributes within the demographic construct, from most applicable to least applicable attributes. The findings revealed that Income is highly used by the bank in segmenting their customers (Mean=4.45), followed by occupation and age factors (Mean=4.4 and 4.4 respectively). Additionally, gender is equally strongly taken as part of segmentation factors (Mean=4.28). Overall, findings indicate that the demographic segmentation construct takes the lead compared to the other three constructs used in this study with an overall mean score of 4.32.

The Practice of Geographic Market Segmentation at TPB Bank

The findings from a question on the application of geographic market segmentation in the banking sector were obtained from three important attributes of the Geographic market segmentation namely, geographic divisions, urban and rural aspects of marketing and households' location. The majority of the respondents, that is 211 (87%), acknowledged that the practice of dividing markets on the basis of geographical location matters. Just a few respondents, 21 (8.8%), disagreed and 11 (4.1%) were neutral. On the basis of urban and rural treatment, the majority of the respondents, 208 (85.7%), agreed that most marketing activities like promotions are carried out more in urban than in rural areas. Just a small number of the respondents, 18 (7.5%), disagreed to the statement while 16 (6.6%) of the respondents were neutral. Lastly, the majority of the respondents agreed that the practice of geographic market segmentation at TPB largely depends on households' location. A total of 212 (87.6%) of the respondents agreed that where the customers live tailors the bank's marketing efforts to account for their local values.

With this information, it is clear that there are geographical divisions in the bank service markets in Tanzania (Mean=4.09). Most of the promotions from among the banks in Tanzania are carried out in urban areas where esteem and buying power play a major role (Mean=4.14) and the areas where the customers live tailor the bank's marketing efforts to account for their local values - whether they live in an urban or rural area (Mean=4.15). Overall, results revealed that geographic market segmentation variables take the second position (Mean=4. 29) for being highly practiced in the bank, after the demographic segmentation construct.

The Practice of Behavioural Market Segmentation at the TPB Bank

The findings from a question on the application of Behavioural market segmentation in the banking sector indicate that the majority of the respondents, that is 122 (50.3%), support the applicability of behavioural market segmentation on the basis of segmenting the market depending on the benefits sought. About 81 (33.9%) of the respondents were neutral while only 39 (16.1%) disagreed with the fact that the bank divides the markets according to the benefits the customers seek from the bank. With respect to the rate of transactions, the majority of the respondents, that is 143 (59.1%), agreed that customers are classified by the rate at which they transact with the bank, whereas 31 (12.8%) disagreed and 68 (28.1%) were not sure. Another aspect was assessed, that is whether the bank segments its markets basing on loyalty that the customers have towards the bank. In this regard, the majority of the respondents that is 119 (49.1%), agreed with the factor, whereas a significant number of respondents were uncertain (i.e. 43.4%). The rest 18 (7.5%) disagreed with the statement. A total of 116 (48.8%) respondents suggested that at the TPB Bank, the customers should be clustered into segments basing upon the time of the day, week, month and year. Lastly, the majority of the respondents [155 (63.9%)] agreed that loyal customers are given special priority in the bank.

With regards to Mean values, the findings provide the mean values of the five attributes that were asked. The respondents indicated that the bank divides the markets according to the benefits customers seek from the bank at the mean score of (M=3.48). Customers are classified by the rate at which they transact with the bank, at the mean score of (M= 3.59). The bank has grouped customers according to their degree of loyalty at the mean score of (M= 3.51); the customers are divided into segments based on the time of day, week, month and year at the mean score of (M= 3.46); and loyal customers are given special priority in the bank (Mean=3.68). On the other hand, overall, the mean scores of the BMS had a mean score of (M=3.39) behind other three constructs namely demographic, geographic and psychographic

The Practice of Psychographic Segmentation at TPB Bank

Regarding application of psychographic market segmentation in the banking sector findings indicate that the majority of the respondents, that is 103 (42.5%), disagreed with the statement that the bank has different brands of services and products that target different personalities while a significant number of respondents, that is 87 (35.8%), were not sure of the applicability of psychographic segmentation in the bank. Also to note is the fact that 52 (21.7%) of the respondents endorsed the statement. Moreover, 94 (38.9%) of the respondents were uncertain whether or not the bank conducts simple surveys on customer attitudes through its branches, on its website or its social media pages. Only 68 (28.4%) of the respondents agreed, while 80 (32.6%) disagreed with the statement. Furthermore, findings reveal that 105 (43%) of the respondents did not agree with the statement that the bank builds a mental model of consumer buying patterns in the context of the consumer's life cycle, while 85 (35.4%) of them neither agreed nor disagreed with the statement. Only 52 (21.6%) agreed with the statement. Lastly, as in other aspects of psychographic segmentation, 93 (38.5%) of the respondents were neutral regarding the statement that the bank strives to understand insight into customer personality traits, values, attitudes, interests and lifestyles, while 89 (36.8%) agreed, and 60 (24.7%) disagreed.

The data shows that the respondents did not acknowledge that the bank has different brands of services and products that target different personalities at a mean score below average rating scale (Mean=2.63). The findings further show that the bank does not conduct simple surveys on customer attitude through its branches, on its website or its social media pages (Mean=2.82). The findings further reveal that the bank does not build a mental model of consumer buying patterns in the context of the consumer's life cycle (Mean=2.65) and the bank at least strives to understand customer personality traits, values, attitudes, interests and lifestyles at a mean score of (M=3.08). Overall, it is revealed that the psychographic segmentation construct has a mean score of (M=3.54) which is above the behavioural segmentation construct.

Bank Performance

The findings suggest that demographic market segmentation and geographic market segmentation contribute more towards the performance of the bank than other constructs. In this concern, the findings show that the majority of the respondents, that is 226 (94.2%), agreed that geographic market segmentation contributes greatly to bank performance and just a few individuals 8 (3.4%) disagreed, while 8 (3.4%) were neutral. Again, like geographic segmentation, demographic segmentation indicates tremendous contribution to the performance of the bank at 220 (90.9%). Only 12 (5%) of the respondents were neutral while 10 (4.1%) did not acknowledge its contribution. On the other hand, behavioural market segmentation revealed to have contributions towards bank performance though not as much as geographical and demographic segmentation. In this case, the majority of the respondents, that is 132 (54.4%), agreed that behavioural segmentation has greatly contributed to bank performance whereas 61 (25.3%) were neutral and 49 (20.3%) disagreed with the statement. Lastly, the findings show that the majority of the respondents, 124 (51.1%), agreed that psychographic segmentation has greatly contributed to the bank performance while 84 (34%) were neutral and 36 (14.9) disagreed with the statement. On the other hand, the results envisage that geographic segmentation has greatly contributed to the bank performance with the average agreement response of a mean (M=4.29), demographic segmentation with the average agreement response of (M=4.32), psychographic segmentation with the average agreement response of (M=3.54) and behavioural segmentation with the average agreement response of (M=3.39).

Inferential Analysis

Multiple regression analysis was run to ascertain the most influencing segmentation factors on the bank performance. This was preceded by Model fitness and ANOVA test, as discussed below

Model fitness

Model fitness was run to determine the fitness and significance of the model. Findings disclosed a strong relationship between the four market segmentation constructs and bank performance in Tanzania. The general variation in demographic segmentation, geographic segmentation, behavioural segmentation and psychographic segmentation, explain 51.8% of the variations in bank performance (R2=0.518). The rest is explained by factors other than the four constructs used in this article.

ANOVA test

The results of ANOVA test reveal that market segmentation (demographic, geographic, behavioural and psychological) had significant effect on the performance of banks in Tanzania. Given the P value is actually 0.000 which is less than 5% level of significance, the model was significant.

Table 1: Model significance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.884	4	1.971	8.474	**.000b**
	Residual	55.130	237	.233		
	Total	63.015	241			

a. Dependent Variable: Bank Performance

b. Predictors: (Constant), Psychological segmentation, Geographic Segmentation, Behavioural Segmentation, Demographic Segmentation

Source: Field Data (2020).

Multiple Regression Analysis

Multicollinearity is a test to determine whether or not the independent variables are highly correlated. The findings in Table 2 show that all of the four segmentation constructs have the variance inflation factor (VIF) of less than 5 (approximately 1) and the tolerance level of not less than 0.5. This implies that the attributes of market segmentation are not highly correlated amongst themselves; making the interpretation of the multiple regression optimal in generalizing the effects of market segmentation variables on bank performance. A multiple linear regression was run to determine the relationship between the four constructs of market segmentation and bank performance. This was to address the four hypotheses that simulated the specific objectives. The results from the multiple regression in Table 2 are explained in the form of a regression model; $Y=\beta 0+\beta 1X1+\beta 2X2+\beta 3X3+\beta 4X4$ where Y represents performance, X1 represents demographic segmentation, X2 represents geographic segmentation and β represents model coefficients.

The results in the Table 2 indicate that there is a positive and significant relationship between demographic market segmentation and the performance of banks. A unit change in demographic segmentation leads to 19%-unit change in the performance of the banks in Tanzania. Again, geographic segmentation has a significant and positive relationship with bank performance. A unit variation in geographic segmentation results to 17.1%-unit variations in bank performance. Moreover, behavioural segmentation has a positive but insignificant relationship with bank performance. A unit variation in behavioural segmentation results to 9.6%-unit variations in bank performance. Lastly, psychographic segmentation has a significant and positive relationship with bank performance. A unit variation in psychographic segmentation results to 1.6%-unit variations in banks performance. The model is detailed algebraically as follows:

$Y=2.318 + 0.19x1+0.171x2+ .096x3+ 0.016x4$

Table 2: Envisaging Multiple Regression of Market Segmentation Attribute

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.318	.296		7.843	.000		
	Geographic Segmentation	.190	.060	.231	3.172	.002	.699	1.430
	Behavioural Segmentation	.171	.051	.184	.607	.057	.987	1.013
	Psychological segmentation	.096	.046	.110	3.593	.000	.989	1.011
	Demographic Segmentation	.016	.032	.02	.173	.048	.693	1.442

Source: Field Data (2018)

Discussion of Findings

The study findings depict that demographic segmentation is highly practised among the banks in Tanzania. In this article, demographic segmentation was found to have more influence than other kinds of segmentation (coefficient =0.190). Previous studies demonstrate that when customers are grouped respectively to their occupations and income differences, the bank may be able to increase competitiveness, brand equity, communication, brand recall and customer retention. Therefore, by targeting the correct segment, one will walk away with a better company and a higher profitability (Shavitt et al., 2016). In this way, banks can use demographic segmentation to create targeted marketing campaigns that resonate with specific customer groups (Krishnamoorthy et al., 2025). For example, a bank might target young professionals with advertisement for mobile banking features. On the other hand, a current study found that there is a positive and substantial relationship between geographic partitioning and the performance of banks. Previous studies that arrived at the same results include two by Onaolapo (2012), who reported that in a dynamic environment with high competition, banks achievement can only be guaranteed through efficient market segmentation practices which encompass clearly defined 'customer valuation' process. Apart from segmenting the market for product offering, a continuous customer loyalty and retention process also requires the creation of customer-centred operating premise through relaxed account opening formality, acceptable corporate image, quick service delivery, customer-employee relation, and effective use of referrals. This can be handled well when the market is grouped in different territories, with differing characteristics. Accordingly, Geographic segmentation allows banks to offer location-customized services, such as local investment opportunities or mortgage products that resonate with needs of a particular market.

Furthermore, for banks like TPB that need to expand their operations, geographic segmentation is necessary. According to Goyat (2011), geographic segmentation is one of the types of segmentation where extension is immediately possible. If one has his or her market strategy on the basis of geography, then once there is success in a territory, he or she can immediately expand to a nearby area. Geographic segmentation is advantageous for a large-scale campaign execution when the product to be promoted is principally understood and needed by a wide and various group of consumers (Moon et al., 2021; Shavitt et al., 2016). Segmentation is considered to be the most effective endeavour in increasing the focus of a bank in a particular market. With this insight, geographic segmentation allows an organization to have more concentration on the target segments. Menzly and Ozbas (2010) assert that it is natural when one increases the focus on a particular market; the same goes for competitiveness and brand recall.

The findings further reveal that behavioural segmentation plays a positive but insignificant role in the performance of the bank. A study by Bailey et al. (2009) reported that behavioural segmentation for banks focuses on tactical analysis of credit data, propensity models, online banking, or credit card transactions. Armed with this knowledge, a financial institution can create tailored marketing communications based on recent financial transaction data. The most common data include real-time analysis of credit applications at other financial institutions, online bill pay transactions wherein payments for loans are made from the home institution's product to another financial institution, and large retail purchases indicating opportunities for short-term credit products. Once the ideal segmentation strategy has been decided to, and the expectations of performance have been well-defined, the bank marketer must direct attention to the next most critical activity in the communication equation - the message.

The results show that psychographic market segmentation has a positive and significant impact on the performance of banks. Previous studies conducted in the area focused on the approach that combines psychographic and demographic characteristics together (Al-Dmour et al., 2020; Andaleeb, 2016; Asiedu, 2016; Kevrekidis et al., 2017) or desired benefits and demographic characteristics (Alfansi & Sargeant, 2000; Venter et al., 2015). Contrarily, scholars have applied factors that describe the customers' psychographic characteristics like Legg, Ampoutolas and Bandyopadhayay (2025) on perception, Gassler and Teuber (2025) on attitude, and Muhammad and Artanti (2016) on motivation. Others have grouped the target customer with the bases of benefits expected from using the product or service like perceived value, customer satisfaction and desired utility (Shi et al., 2016; Liu & Wang, 2017). Overall, Psychographic segmentation lets the bank to learn the motivation behind their respective customers' buying decisions and how their psychographic attributes of habits, lifestyles, and beliefs impact the way they interact with a bank brand. Using this form of segmentation, a bank can increase sales by developing bank products for the right audiences and marketing to the right target market based on the products that exists in the bank.

Conclusion

Segmentation in the banking industry, in Tanzania, is changing from rare to a common trend. Some of the benefits of segmentation are increased annual turnover, expanded client base and reduced risk on investment. The study found that the model that shows the relationship between market segmentation and performance of banks is significant. Moreover, there is a positive and significant relationship between the three constructs of demographic, geographic and psychographic variables and bank performance. Behavioural segmentation had positive but insignificant relationship with bank performance. Based on the findings, the study concludes that marketing segmentation decisions need to be informed mostly by considering demographic, geographic and psychographic attributes. More important, is to consider and pay attention to specific attributes in each construct that appear to be contributory to the level of significance of each construct. Finally, literature shows that a combination of more types of segmentation at a time is highly favoured for bank performance.

Recommendations and Study Implications

With regards to the segmentation strategies applied in the Tanzanian banks, the study recommends that bank managers have to scan both their internal and external environments then, design their strategy in a way that they may be able to extend to other segments considering the key aspects of demographic segmentation. Banks should use existing studies, internal data, and market context to develop and refine their customer segmentation. This will help ensure that their strategies, products, and services align with consumer changing needs. Again, the banks need to specify different geographical areas such as rural and urban, that have differing demands and think of how they can meet their respective needs. Performing this will lead to increased customer satisfaction and the activities related to marketing issues like promotion will be more focused. The outcome will be high level of customer retention which appears to be more rewarding for bank sustainability.

Banks should further apply psychographic elements in the design of their marketing strategies. This will enable them to comprehend the needs of their customers and expectations. They can use psychographic segmentation to get to know their customers more personally and offer them tailored products and services that competitively resonate with their needs. Moreover, the outcomes of this study have implications not only for academic research, but also for policy and the regulatory environment in Tanzania. Most banking organizations in Tanzania focus on embracing diversity of customers at recruitment but little attention to targeting on segments of the diverse markets. The managerial implication for the banks that is drawn from this study is to acknowledge the informed fact that customizing banking services is key to developing competitive advantage and ultimately attaining successful performance for the bank. The banks should therefore endeavour to tailor their marketing efforts to particular segments where relative positions can be assessed in the context of industry structure. Overall, banks should adapt effective market segmentation or partitioning strategy by aligning relevant products with needs of different market segments. This can help capture the right customers and enhance customer retention that will ensure sustainable bank performance.

References

Adejoke, K. B., &Adekemi, A. O. (2012). Relationship Marketing and Bank Performance: An Applied Study on Commercial Banks in Southwestern Nigeria. *European Journal of Business and Management, 13*(6), 42-59.

Ansari, G. G., & Sen Gupta, R. (2024). Does ICT Investment Affect Market Share and Customer Acquisition Cost? A Comparative Analysis of Domestic and Foreign Banks Operating in India. *Journal of Risk and Financial Management*, *17*(9), 1-21.

Asiedu, E. (2016). A study of use and impact of market segmentation practices on bank performance: with special reference to commercial banks in Colombia. *Journal of Business & Financial Affairs*, *5*(162), 2167-0234.

Aghdaie, M.H., Tafreshi, P.F., & Behzadian, M. (2014). Customer-oriented benefit segmentation: an integrated approach, *Int. J. Business Innovation and Research, 8*(2), 168–189.

Alfansi, L., & Sargeant, A. (2000). Market segmentation in the Indonesian-banking sector: the relationship between demographics and desired customer benefits. *International Journal of Bank Marketing, 1*(1), 67-85.

Almestarihi, R., Ahmad, A. Y. A. B., Frangieh, R., Abu-AlSondos, I., Nser, K., & Ziani, A. (2024). Measuring the ROI of paid advertising campaigns in digital marketing and its effect on business profitability. *Uncertain Supply Chain Management*, *12*(2), 1275-1284.

Akinboade, O. (2000). The Relationship between Financial Deepening and Economic Growth in Tanzania. *Journal of International Development*, *12*(2), 939-950.

Al-Dmour, R., Dawood, E. A. H., Al-Dmour, H., & Masa'deh, R. E. (2020). The effect of customer lifestyle patterns on the use of mobile banking applications in Jordan. *International Journal of Electronic Marketing and Retailing*, *11*(3), 239-258.

Alt, M. A., Săplăcan, Z., Benedek, B., & Nagy, B. Z. (2021). Digital touchpoints and multichannel segmentation approach in the life insurance industry. *International Journal of Retail & Distribution Management*, *18*(1), 18-35.

Andaleeb, S. S. (2016). Market segmentation, targeting, and positioning. In *Strategic Marketing Management in Asia*. Emerald Group Publishing Limited.

Armstrong, G. & Kotler, P. (2015). *Marketing. An Introduction*, 12th edn, Pearson, Essex, England.

Asiedu, E. (2016). A Study of Use and Impact of Market Segmentation Practices on Bank Performance. With Special Reference to Commercial Banks in Colombia. *Journal of business and financial affairs*, *5*(162), 2167-2234.

Ateboh-Briggs, P. B. (2014). Market segmentation and customer loyalty in deposit banks in Port Harcourt, Nigeria. *European Journal of Business and Management*, *6*(16), 116-123.

Bailey, C., Baines, P. R., Wilson, H., & Clark, M. (2009). Segmentation and customer insight in contemporary services marketing practice: why grouping customers is no longer enough. *Journal of Marketing Management*, *25*(3-4), 227-252.

Beckett, A., Hewer, P., & Howcroft, B. (2000). An exposition of consumer behaviour in the financial services industry. *International Journal of Bank Marketing*, *18*(1), 15-26.

Binsar, F., Mursitama, T. N., Hamsal, M., & Rahim, R. K. (2025). The role of digital adoption capability on hospital performance in Indonesia moderated by environmental dynamism. *Journal of Health Organization and Management*, *39*(1), 1-21.

Broderick, A., & Pickton, D. (2005). *Integrated marketing communications*. Pearson Education UK.

Casabayó, M., Agell, N. & SánchezHernández, G. (2015). Improved market segmentation by fuzzifying crisp clusters: A case study of the energy market in Spain. *Expert Systems with Applications*, *42*(3), 1637-1643.

Epetimehin, F. M. (2011). Market segmentation: A tool for improving customer satisfaction and retention in insurance service delivery. *Journal of Emerging Trends in Economics and Management Sciences*, *2*(1), 62-67.

Failte I, (2013).*"How to Provide Customer Service Excellence?"Ireland Accessed on* http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/2_Develop_Your_Business/1_StartGrow_Your_Business/How_to_Provide_Customer_Service_Excellence.pdf.

Ferdinand, J., Antonacopoulou, E., Graca, M., Easterby, S, M. (2005) *Dynamic capability: tracking the development of a concept*. Evolution of business knowledge (EBK Working Paper 2005/09), Swindon, UK, 2005, 1-20.

Ferreira, J., Coelho, A., & Moutinho, L. (2020). Dynamic capabilities, creativity and innovation capability and their impact on competitive advantage and firm performance: The moderating role of entrepreneurial orientation. *Technovation*, *92(*10), 40-61.

Gassler, B., & Teuber, R. (2025). What role do attitudes, information and taste play in consumer preferences and willingness to pay for domestic alternatives to exotic superfoods?. *Food Quality and Preference*, *12(3)*, 105-114.

Genza,G,M., & Musisi, B. (2018). Educational Entrepreneurship (EE): Delineating the Domain and Highlighting its Importance and Feasibility in Educational Management in Uganda. *American Journal of Educational Research*; *6*(1), 9-17.

Ghosh, P., Aggarwal, R., Verma, T., Bhattacharya, R. C., Thakur, S., & Kumar, A. (2024). Marketing Strategies for Financial Institutions: Leveraging Human Capital for Competitive Advantage. *Educational Administration: Theory and Practice*, *30*(5), 5304-5311.

Goyat, S. (2011). The basis of market segmentation: a critical review of literature. *European Journal of Business and Management*, *3*(9), 45-54.

Gunter, B. and Adrian F. (1992, 2014) Consumer profiles: *An introduction to psychographics* Routledge, London.

Haghighinasab, M., Ahmadi, D., & Khobbakht, F. (2025). Electronic customer relationship management and reputation: drivers of customer satisfaction and loyalty in digital-only banking. *Journal of Financial Services Marketing*, *30*(1), 4-20.

Harris, S. J., Metzger, M. L., & Duening, T. N. (2021). Innovation in national governing bodies of sport: Investigating dynamic capabilities that drive growth. *European Sport Management Quarterly*, *21*(1), 94-115.

Hatheway, F., Kwan, A., & Zheng, H. (2017). An empirical analysis of market segmentation on US equity markets. *Journal of Financial and Quantitative Analysis*, *52*(6), 2399-2427.

Hermann, F., Wolfgang, G., & Alexander, K. (2017). Environmental dynamism, hostility, and dynamic capabilities in medium-sized enterprises, *The International Journal of Entrepreneurship and Innovation*, *18*(3), 185- 196.

Hou, J.J. &Chien, Y.T. (2010). The effect of market knowledge management competence on business performance: A dynamic capabilities perspective. *International Journal of Electronic Business Management*, *8*(2), 96-110.

Kagoya, S. M., & Jani, D. (2018). The use of ATMs in Improving Performance in Commercial Banks.14th ORSEA, *Conference proceedings* Nov, 2018.

Kessy S. (2020). The Influence of Relationship Marketing Strategies on the Performance of Commercial Banks in Tanzania. Tanzania Journal of Development Studies, 17(2), 1-20

Kevrekidis, D. P., Minarikova, D., Markos, A., Malovecka, I., & Minarik, P. (2017). Community Pharmacy Customer Segmentation based on Factors influencing their Selection of Pharmacy and over-the-counter medicines. *Saudi Pharmaceutical Journal*.

Klochko, R., & Piskunova, O. (2023). Marketing Segmentation of Banks' Corporate Clients Based on Data Mining Technique. *Statistics in Transition*, *24*(5), 147-166.

Kombo, D. K., & Tromp, D. L. (2006). Proposal and thesis writing: An introduction. *Nairobi: Paulines Publications Africa*, *5*(1), 814-30.

Kopczewska, K., & Ćwiakowski, P. (2021). Spatio-temporal stability of housing submarkets. Tracking spatial location of clusters of geographically weighted regression estimates of price determinants. *Land Use Policy*, *103*(10), 52-71.

Kothari, C., Kumar, R., & Uusitalo, O. (2014). *Research Methodology*. *New Age International*.

Kotler, P., & Keller. K. L. (2013). Marketing Management, 14th Edition, *Pearson Education Limited*, Boston.

Kotler, P., & Armstrong, G. (2018). Principles of Marketing, 17th edition. Pearson Education Limited, United Kingdom.

Krishnamoorthy, V., Chandra, S., Rajesha, S., Bhattacharjee, S., Murugan, G., & Sampath, B. (2025). Emerging Startups in the Evolving Industry Landscape by Empowering Entrepreneur Growth: An Agile Marketing Practice. In *Digital Transformation Initiatives for Agile Marketing* (pp. 455-484). IGI Global.

Kshetri, N., Dwivedi, Y. K., Davenport, T. H., & Panteli, N. (2024). Generative artificial intelligence in marketing: Applications, opportunities, challenges, and research agenda. *International Journal of Information Management*, *75*(1), 102-116.

Lai, A., Yang, Z., & Cui, L. (2021). Market segmentation impact on industrial transformation: Evidence for environmental protection in China. *Journal of Cleaner Production*, *297*(12), 66-85.

Landroguez S. M., Barroso. C.C., & Cepeda-Carrión, G. (2011).*Creating dynamic capabilities to increase customer value Management Decision*, *49*(7), 1141-1159.

Legg, M., Ampountolas, A., & Bandyopadhayay, A. (2025). How personality traits influence perceptions of casino loyalty incentives. *Journal of Marketing Analytics,2*(1), 1-18.

Li, D. Y., & Liu, J. (2014). Dynamic capabilities, environmental dynamism, and competitive advantage: Evidence from China. *Journal of business research*, *67*(1), 2793-2799.

Li, X., & Song, C. (2021). Does the target market affect bank performance? Evidence from the geographic diversification of city commercial banks in China. *Frontiers of Business Research in China*, *15*(1), 8-20.

Lilly, L. & Juma, D. (2014). Influence of Strategic Innovation on Performance of Commercial Banks in Kenya: The Case of Kenya Commercial Bank in Nairobi County. *European Journal of Business Management*, *2*(1), 336-341.

Liu, C., & Wang, T. Y. (2017). A study on the effect of service quality on customer loyalty and corporate performance in financial industry. *Problems and perspectives in Management*, (15, Iss. 2 (cont. 2)), 355-363.

Lubawa, G. G., & Litt, V. K. D. (2025). Advancing Financial Inclusion through Digital Finance Innovations in Tanzania. *Fintech for ESG and the Circular Economy*, *1*(1) 255-287.

Makinde, J. (2015). Impact of Strategic Management on Competitive Advantage and Organizational Performance- Evidence from Nigerian Bottling Company. *Journal Of Policy and Development Studies, 9*(2), 1-20.

Masood, O., & Ashraf, M. (2012). Bank-specific and Macroeconomic Profitability Determinants of Islamic Banks. The case of different countries. *Qualitative Research in Financial Markets, 1*(1), 18-40.

Mawoli, M.A. (2017). Assessment of Service Quality Management Strategies During Economic Recession, Evidence from of Deposit Money Bank Branches in Minna Metropolis. In A. Nkamnebe (Ed.), Service Delivery for a New Nigeria. P*roceedings of the 11th Annual Conference. The Academy of Management Nigeria*.

McDougall, N., Wagner, B., & MacBryde, J. (2021). Leveraging competitiveness from sustainable operations: frameworks to understand the dynamic capabilities needed to realise NRBV supply chain strategies. *Supply Chain Management: An International Journal, 22*(1), 89-107.

McKenzie, D., & Puerto, S. (2021). Growing markets through business training for female entrepreneurs: a market-level randomized experiment in Kenya. *American Economic Journal: Applied Economics*, *13*(2), 297-332.

Menzly, L., & Ozbas, O. (2010). Market segmentation and cross-predictability of returns. *Journal of Finance, 65*(5), 112-130.

Mbura, O. K., & Bambaganya, M. W. (2014). Modeling Business Development Services (BDS) in the Tanzania SMEs Market: Theoretical and Conceptual Framework Issues. *Tanzania Journal of Development Studies*, *14*(1-2), 13-25.

Mbura, O. K., & Sekela, M. (2020). Promotion Strategies and Performance of Commercial Banks: Evidence from CRDB Bank Plc in Tanzania. *Tanzanian Economic Review*, *10*(1). 163–182

Mistrean, L. (2023). Factors influencing customer loyalty in the retail banking sector: A study of financial-banking services in the Republic of Moldova. Opportunities and Challenges in Sustainability*, 2*(2), 81-92.

Muchibi, W. M. (2024). *Relational Rewards and Employee Engagement in the Public Health Sector in Kenya* (Doctoral dissertation, JKUAT-COHRED).

Mgangaluma, E., Benedicto, M., Fimbo, M. J., Siriwa, N., Tesha, V., & Mpango, H. (2024). Bank of Tanzania.

Muhammad, M., & Artanti, Y. (2016). The impact of experiential marketing on word of mouth with customer satisfaction as a intervening variable. *JDM (Jurnal Dinamika Manajemen)*, *7*(2), 182-190.

Moon, S., Jalali, N., & Erevelles, S. (2021). Segmentation of both reviewers and businesses on social media. *Journal of Retailing and Consumer Services*, *61*(10)*,* 25-40.

Moriarty, R. T. & Reibstein, D. J. (1986). Benefit Segmentation in Industrial Markets", Journal of Business Research, *14*(3), 463-486.

Naseer, S., Khawaja, K. F., Qazi, S., Syed, F., & Shamim, F. (2021). How and when information proactiveness leads to operational firm performance in the banking sector of Pakistan? The roles of open innovation, creative cognitive style, and climate for innovation. *International Journal of Information Management*, *56*(10), 22-43.

Ndekwa, A. G. (2025). Digital Marketing Metaverse for Restoration of Tourism Performance After COVID-19 Business Crisis in Sub-Saharan African Countries: Experience From Tanzania. In *Metaverse and Tourism* (pp. 161-180). Routledge.

Nicoletti, B., & Nicoletti, B. (2021). Customer Partition in Banking 5.0. *Banking 5.0: How Fintech Will Change Traditional Banks in the 'New Normal' Post Pandemic*, 173-187.

Oko, A. E. N., & Essien, E. E. (2014). The Prospects and Challenges of Market Segmentation," Practice in the Equipment *Leasing Industry of Nigeria 2000-2013*, *2*(1), 28–62.

Onaolapo, A. R. (2012). Analysis of Nigeria commercial banking sector. *Far East Journal of Marketing and Management, 2*(4), 39-52.

Philip, T., & Kotler, A. (2020). *Principles of Marketing, Global Edition*. Pearson Education Limited.

Puwanenthiren, P., & Udurawana, Y. (2015). Market segmentation and its impact on customer satisfaction with especial reference to commercial bank of Ceylon Plc. *Marketing Information & Strategies: Core for Development, Scitech Publications (India) Pvt Ltd (January 1, 2014)*.

Rao, D. N., & Mahalingam, M. (2025). AI and ML Modeling and Autonomous Finance in Microfinance: An Overview. *Computational Intelligence for Autonomous Finance*, 167-197.

Saunders, M., & Lewis, P. (2017). *Doing research in business and management*. Pearson.

Shavitt, S., Jiang, D., & Cho, H. (2016). Stratification and segmentation: Social class in consumer behavior. *Journal of Consumer Psychology*, *26*(4), 583-593.

Shi, T., Gu, W., Chhajed, D., & Petruzzi, N. C. (2016). Effects of manufacturable product design on market segmentation and the environment. *Decision Sciences*, *47*(2), 298-332.

Smith, W.R. (1956). Product Differentiation and Market Segmentation as Alternative Marketing Strategies. *Journal of Marketing* (pre-1986), *21*(3)3-8.

Sreejesh, S. (2024). Integrated banking channel service quality (IBCSQ): Role of IBCSQ for building consumers' relationship quality and brand equity. *Journal of Retailing and Consumer Services*, *76(2)*, 103-116.

Suh, T., & Chow, T. E. (2021). Developing a digital marketing tool for ethnic ventures' mixed business model and market-shaping: A design scientific approach of web demographics. *Industrial Marketing Management*, *93*(5), 10-21.

Teece, D.J., Pisano, G. & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, *18*(7), 509-533.

Teece, D. J. (2014). The foundations of enterprise performance: Dynamic and ordinary capabilities in an (economic) theory of firms. *Academy of Management Perspectives*, *28*(3), 328-352.

Tekiner, Y., & Alkan, H. I. (2025). An Evaluation on the Development and Digitalization Performance of Participation Banking in Turkey. In *Digitalization of Islamic Finance* (pp. 27-54). IGI Global Scientific Publishing.

Tesfom, G., & Birch, N. J. (2011). Do switching barriers in the retail banking industry influence bank customers in different age groups differently?. *Journal of Services Marketing, 16*(3-4), 37-56.

Tong, X., & Yang, W. (2025). Empirical analysis of the impact of financial technology on the profitability of listed banks. *International Review of Economics & Finance*, *98*(1), 103-117.

URT. (2012). History of Local Government in Tanzania

Weinstein, A. (2013). *Handbook of Market Segmentation: Strategic Targeting for Business and Technology Firms*, 3rd ed., Routledge, Chapter 4.

Wilden, R., & Gudergan, S. P. (2015). The impact of dynamic capabilities on operational marketing and technological capabilities: investigating the role of environmental turbulence. *Journal of the Academy of Marketing Science*, *43*(2), 181-199.