SEGMENTATION, TARGETING & POSITIONING (STP)

Colombo Jewellery Stores
SINCE 1822

A LANDMARK OF LUXURY, AND A HOUSE OF DESIGN GENIUS

COLOMBO JEWELLERY STORES HAS BEEN ALL THIS AND MORE FOR THE LAST 90 YEARS.
Market Segmentation

- What is Segmentation?

Dividing a market into distinct groups of buyers with different needs, characteristics, or behavior who might require separate products, services or marketing mixes.
STP Process

SEGMENTATION
Identify meaningful groups of customers

TARGETING
Select which segment(s) to serve

POSITIONING
Build and improve brand equity to chosen target

PRODUCT

PRICE

PLACE

PROMOTION
Consumer Segmentation Bases

- Segmentation Variables
  - Geographic
  - Demographic
  - Psychographic
  - Behavioral

- No single best way to segment a market.
- Often best to combine variables and identify smaller, better-defined target groups.
Geographic Segmentation

- Divide markets into different geographic units
- Examples:
  - World Region or Country: North America, Western Europe, European Union, Pacific Rim, Mexico, etc.
  - Country Region: Pacific, Mountain, East Coast, etc.
  - City or Metro Size: New York, San Francisco
  - Population Density: rural, suburban, urban
  - Climate: northern, southern, tropical, semi-tropical
Demographic Segmentation

- Use Differences in:
  - age, gender, family size, family life cycle, income, occupation, education, race, and religion

- Most frequently used segmentation variable
  - Ease of measurement and high availability.
Psychographic Segmentation divides a market into different groups based on social class, lifestyle, or personality characteristics. People in the same demographic classification often have very different lifestyles and personalities.
Behavioral Segmentation

- **Occasion**
  - Special promotions & labels for holidays.
  - Special products for special occasions.

- **Benefits Sought**
  - Different segments desire different benefits from the same products.

- **Loyalty Status**
  - Nonusers, ex-users, potential users, first-time users, regular users.

- **Usage Rate**
  - Light, medium, heavy.
Loyalty Status Segmentation

- Hard-core
- Split loyals
- Shifting loyals
- Switchers
Requirements for Effective Segmentation

Segments must be,

- Measurable
- Accessible
- Substantial
- Differentiable
- Actionable

“Lefties” are hard to identify and measure, so few firms target this segment.
Market Targeting

- What is Targeting?

The process of evaluating segment attractiveness and selecting segments to enter, which involves making business choices of which resources are to be focused.
Evaluating Market Segments

- Segment Size and Growth Potential
  - Sales, profitability and growth rates

- Segment Structural Attractiveness
  - Competition, substitute products,
  - buyers & supplier power, new entrants
  (Porter’s Five Forces)

- Company Objectives and Resources
  - Core competencies
  - “What business do we want to be in?”
Market Targeting

- After evaluating different segments, the company must decide which and how many segments to serve, which is target market selection.

- Target market – “a set of buyers sharing common needs or characteristics that the company decides to serve.”
Targeting Strategies

- Undifferentiated (mass) marketing
- Differentiated (segmented) marketing
- Concentrated (niche) marketing
- Micromarketing (local or individual marketing)

Targeting broadly → Targeting narrowly
Targeting Strategies

- Undifferentiated marketing

A market-coverage strategy in which a firm decides to ignore market differences and go after the whole market with one another.

It aims to appeal the same product to the whole market, whereby differences within the market is ignored.
Undifferentiated (Mass) Marketing

- Ignores segmentation opportunities.

Walmart

Save money. Live better.
Targeting Strategies

- **Differentiated marketing**

  A market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each.

  It aims products at a few specific segments in the market.
Differentiated (Segmented) Marketing

- Targets several segments and designs separate offers for each.

- Coca-Cola (Coke, Sprite, Diet Coke, etc.)

- Procter & Gamble (Tide, Cheer, Gain, Dreft, etc.)

- Toyota (Camry, Corolla, Prius, Scion, etc.)
Targeting Strategies

- **Concentrated marketing**

  A market-coverage strategy in which a firm goes after a large share of one market segment.

  It aims its product at a single market.
Targeting Strategies

- Micro marketing
  The practice of tailoring products and marketing programs to the needs and wants of specific individuals and groups.
Micromarketing

- Tailoring products and marketing programs to suit the tastes of specific individuals and/or locations.
Market Positioning

- What is Positioning?

  The place a product occupies in consumers’ minds relative to competing products.
eBay’s positioning: No matter what “it” is, you can find “it” on eBay!
Market Positioning

- **Product positioning** – “the way the product is defined by consumers on important attributes – the place the product occupies in consumers’ minds relative to competing products.”

- **Value proposition** – “the key set of benefits offered relative to competing brand upon which the brand is positioned.”
Sources of Differentiation

- Product Design
- Quality
- Additional Services
- Image
- People (Staff)
- Price
- Other
Marketers can follow several positioning strategies:

1. Specific product attributes
2. Product benefits
3. Usage occasions
4. Product classes
5. User classes
Positioning Process

1. Identify possible competitive advantages
2. Choose the right competitive advantages
3. Select an overall positioning strategy
4. Develop a positioning statement
5. Communicating and delivering the chosen position
Positioning Map

- **Perceptual Positioning Map** – “displays the consumer perceptions of their brand versus the competing products or services on important buying dimensions.”
Positioning Map

- Perceptual Map

![Positioning Map Diagram](www.learnmarketing.net)