Strategic Marketing Management

A BEGINNER'S GUIDE TO STP MARKETING

STP - MODEL

Segmentation: This is the process of dividing a broad consumer or business market into sub-groups of consumers based on some type of shared characteristics. Segmentation is a marketing strategy that involves dividing a broad consumer or business market into smaller, more manageable sub-groups based on shared characteristics. This allows companies to tailor their products, services, and marketing efforts to meet the specific needs of different segments, leading to more effective and efficient marketing strategies.

Targeting: After segmenting the market, you choose which segment(s) to target. Targeting is the process of selecting specific segments identified during the segmentation phase to focus a company's marketing efforts on. It involves evaluating each segment's attractiveness and deciding which one(s) to pursue based on factors such as segment size, growth potential, competition, and alignment with the company's objectives and resources.

Positioning: This involves creating a specific image or identity for the product in the minds of the target market / unique selling proposition (USP).

01

SEGMENTATION

Essence of Segmentation

Differentiation

Differentiation is a marketing strategy where a company aims to distinguish its product or service from competitors through unique features, quality, branding, or other attributes. The goal is to make the product
more attractive to a specific target market, thereby gaining a competitive advantage.

Example: Apple differentiates its products through innovative design, advanced technology, and a strong brand identity, setting its products apart from other consumer electronics in the market.

Agglomeration

Agglomeration refers to the clustering of businesses or industries in a particular area, which can lead to mutual benefits such as reduced transportation costs, shared services, and a larger pool of labor and customers. This phenomenon often results in economic advantages due to the proximity of related businesses, suppliers, and infrastructure.

Example: Silicon Valley in California, where numerous tech companies and startups are located close to each other, benefiting from shared resources, talent, and innovation.

STRATEGIC (VALUE BASED) SEGMENTATION

- It groups customer based on “value” that the company can create and capture from the customers.
- Value-based segmentation is a marketing approach that involves grouping customers based on their estimated lifetime value to a company. This segmentation strategy is predicated on the notion that not all customers are created equal and that some customers are more profitable than others.

TACTICAL (PROFILE BASED) SEGMENTATION

- It groups customer based on "PROFILE"/ characteristics.
- Tactical segmentation involves dividing a market into specific, actionable groups based on detailed and often behavior-based criteria.

FACTORS TO BE CONSIDERED WHILE SEGMENTING THE MARKET / EFFECTIVE SEGMENTATION CRITERIA

01 MEASURABLE

ACCESSIBLE 02

03 SUBSTANTIAL

DIFFERENTIABLE 04

05 ACTIONABLE

02

TARGETING

POSITIONING

3 Common Market Positioning Strategies

Single-Benefit Positioning

It involves emphasizing the value delivered by the primary attribute the company believes will have a distinct message in the minds of customers.

Multi-Benefit Positioning

It emphasizes the benefits delivered by the offering on two or more attributes.

Holistic-Benefit Positioning

It emphasizes overall performance without highlighting individual benefits, attracting customers to choose the offering based on its performance as a whole rather than on particular benefits

Role of Strategic Positioning

01 Build connect with the customers

02 Beat competition effectively

03 Launch of new product

04 Plan appropriate promotional strategy

05 Helps to win the consumer confidence

06 Meet demands of different types of customer

07 Makes entire organisation market oriented

06 Create customer awareness

STRATEGIC POSITIONING OPTIONS

STRATEGIC POSITIONING OPTIONS

The Quality Options

Value options

The Pioneer option

A narrow product focus

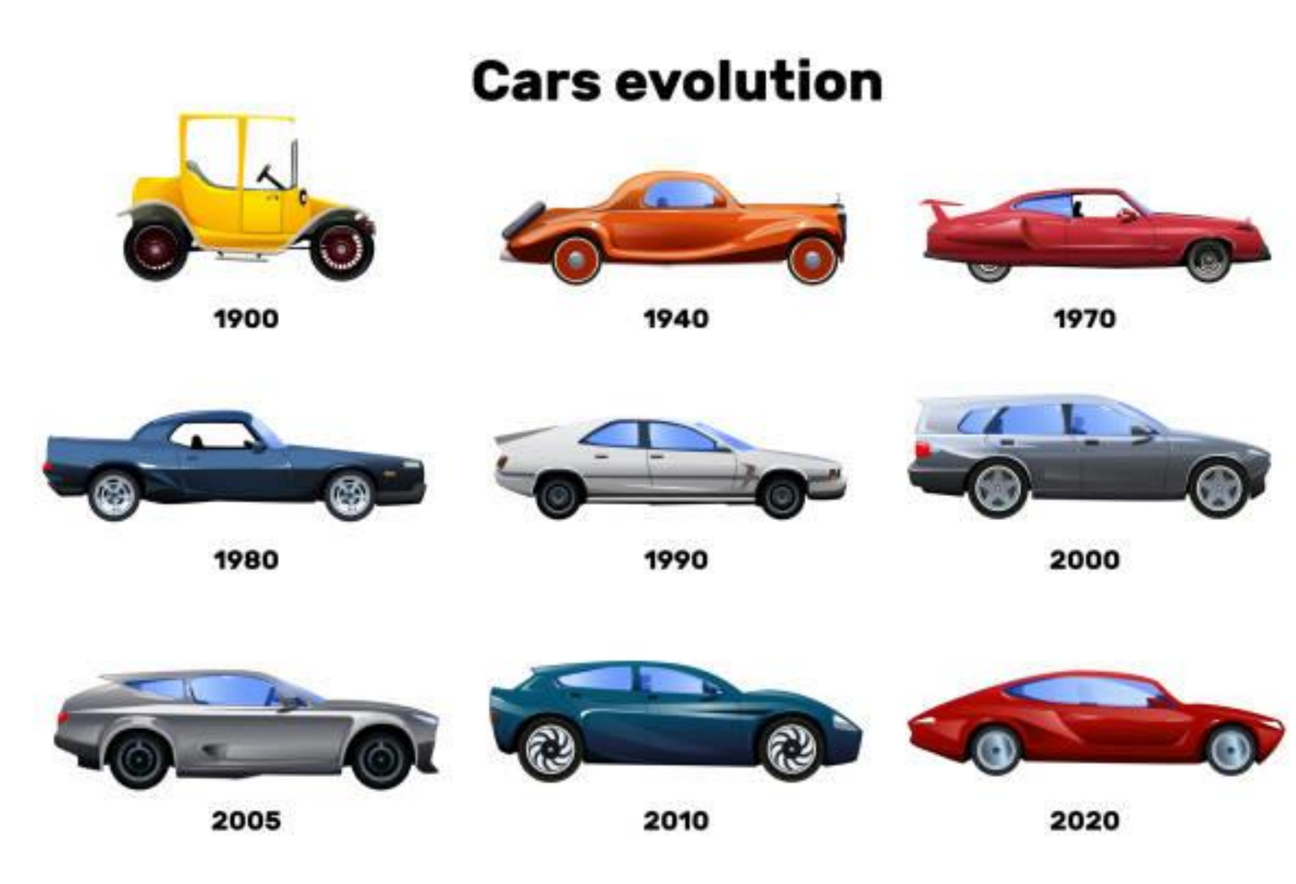
Target customer focus

The Quality options

The Value option

The pioneer option

The narrow product focus



Target customer focus

Creating Collaborators Value

Value design Collaboration

Service development, brand building, price setting, Incentive design

Value Communication Collaboration

Advertising, public relation, social media handling

Value Delivery Collaboratio

Actual delivery of company’s products and services

Advantages of Collaboration

Effectiveness

Expertise, R & D, competative advantage

Cost Effective

Economies of scale

Flexibility

Lesser commitment of resources, require less commitment, switching technologies

Speed

Collaboration enables company to achieved desired target

Drawbacks of collaboration

Loss of control

Loss of Competencies

Empowering Competition

Levels of Strategic Collaboration

Explicit Collaboration

It involves contractual relationships such as long term contracts/ agreements, joint ventures and franchise agreement

Implicit Collaboration

Does not involve any contractual relationship, very flexible, lower cost efficiency, no commitment, resulting in unwillingness to invest.