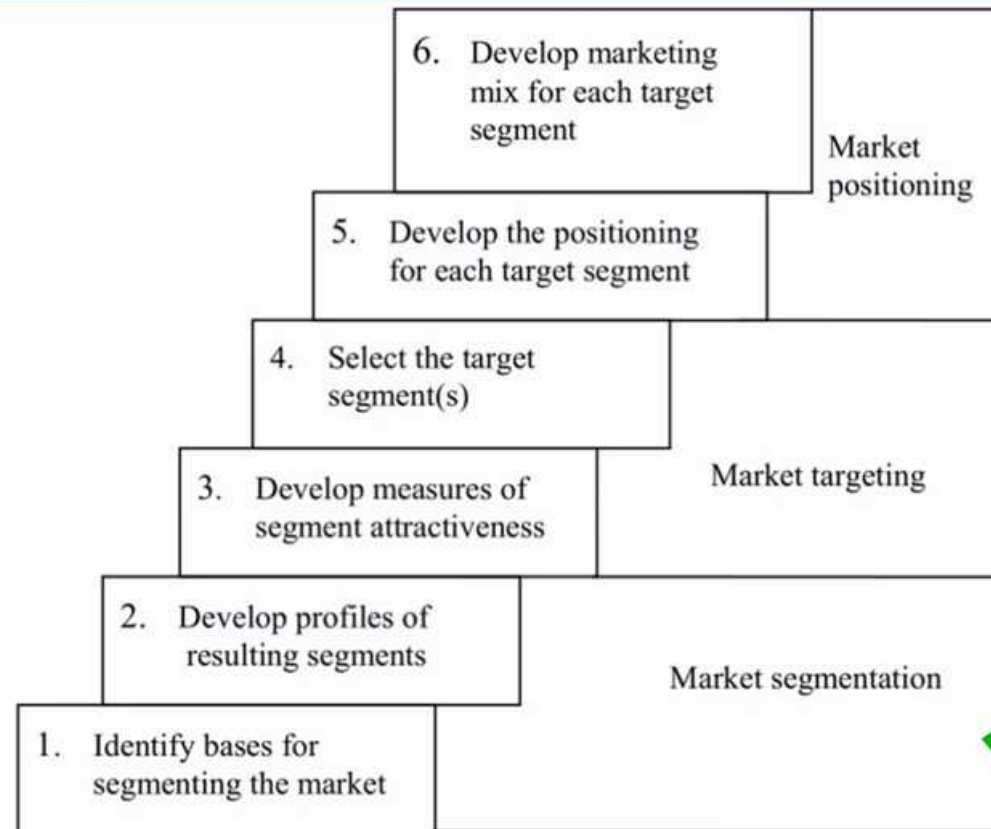


Segmentation, Targeting and Positioning (STP) Model



Concept

Market targeting means the process of evaluating the attractiveness of each market segment and selecting one or more segments to enter.

After a firm has identifies its market-segment opportunities, it has to decide how many and which ones to target.

Concept

In target marketing, the seller divides the market into segments, chooses one or more of them, and develops products and marketing mixes most appropriate for each selected segment.

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It is impossible to appeal to all customers in the marketplace who are widely dispersed with varied needs. Organizations that want to succeed must identify their customers and develop marketing mixes to satisfy their needs.

Benefits and Importance of Target Marketing

- **Understanding customers' needs.**
- **Suitable marketing mix.**
- **Differentiation.**

Market Targeting Strategies



Market Targeting Strategies

1. Limited coverage

2. Full coverage

Market Targeting Strategies

1. Limited coverage



- Single Segment concentration
- Selective Specialization
- Product Specialization
- Market Specialization

2. Full coverage



- Undifferentiated Marketing
- Differentiated Marketing
- Concentrated Marketing

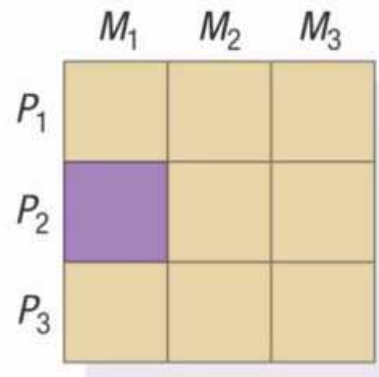
1. Limited coverage market targeting

When only one or few segments are selected as target market.

This strategy is useful for small firms with limited resources or firms introducing a new product.

1. Limited coverage market targeting

i. Single segment concentration :

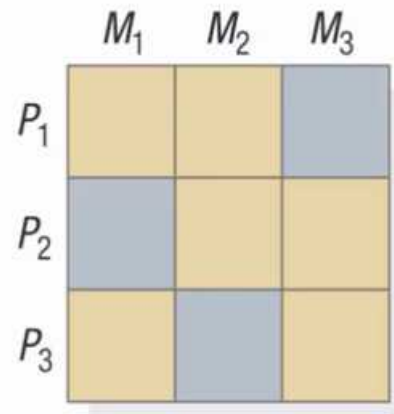


	M_1	M_2	M_3
P_1			
P_2			
P_3			

Only one single segment is selected and is served with expertise.

1. Limited coverage market targeting

ii. Selective Specialization



	M_1	M_2	M_3
P_1	Yellow	Yellow	Blue
P_2	Blue	Yellow	Yellow
P_3	Yellow	Blue	Yellow

It is a multi segment strategy in which a firm selects a number of segments which seem attractive and appropriate.

1. Limited coverage market targeting

iii. Product Specialization

	M_1	M_2	M_3
P_1			
P_2			
P_3			

The firm specializes in making a certain product for different customer groups.

1. Limited coverage market targeting

iv. Market Specialization

	M_1	M_2	M_3
P_1			
P_2			
P_3			

The firm concentrates on serving many needs of a particular segment.

2. Full coverage market targeting

Under this market targeting strategy, a firm attempts to serve all customer groups with all the products they might need. This strategy is usually used by large firms.

2. Full coverage market targeting

i. Undifferentiated marketing

This strategy involves standardization of a product. The firm offers the same product with same marketing strategies to all market segments. It focuses on basic needs of the buyer rather than difference among different buyers.

2. Full coverage market targeting

i. Undifferentiated marketing

The product and marketing mix strategies are designed in a way that will appeal to the whole market. This strategy is also known as mass marketing as the organization treats the whole market as a single segment.

2. Full coverage market targeting

i. Undifferentiated marketing

Under this, a business develops –

- A single product**
 - One pricing structure**
 - One distribution system for mass audience**
- E.g. coke, pepsi**

2. Full coverage market targeting

ii. Differentiated Marketing

Under this strategy a firm targets several market segments and designs different marketing strategies for each segment. This strategy is also known as selective marketing.

2. Full coverage market targeting

ii. Differentiated Marketing

Here a firm differentiates its products according to the needs and expectations of different customer groups. The company attempts to appeal to different defined market segments with a specific product and unique marketing strategy tailored to suit each segment. E.g. Airlines, GM Motors

2. Full coverage market targeting

ii. Differentiated Marketing

Here a firm differentiates its products according to the needs and expectations of different customer groups. The company attempts to appeal to different defined market segments with a specific product and unique marketing strategy tailored to suit each segment. E.g. Airlines, GM Motors

2. Full coverage market targeting

iii. Concentrated Marketing

It is also known as Focus marketing. It involves finding a niche market of consumers that has not been captured yet and developing goods and services for that market to appeal a large segment of consumers by offering a product/service that the competitors does not.

2. Full coverage market targeting

iii. Concentrated Marketing

The firm goes after a large share of one or few sub market thereby enjoying economies of scale as well as high market penetration and higher market share.

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iii. Concentrated Marketing

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