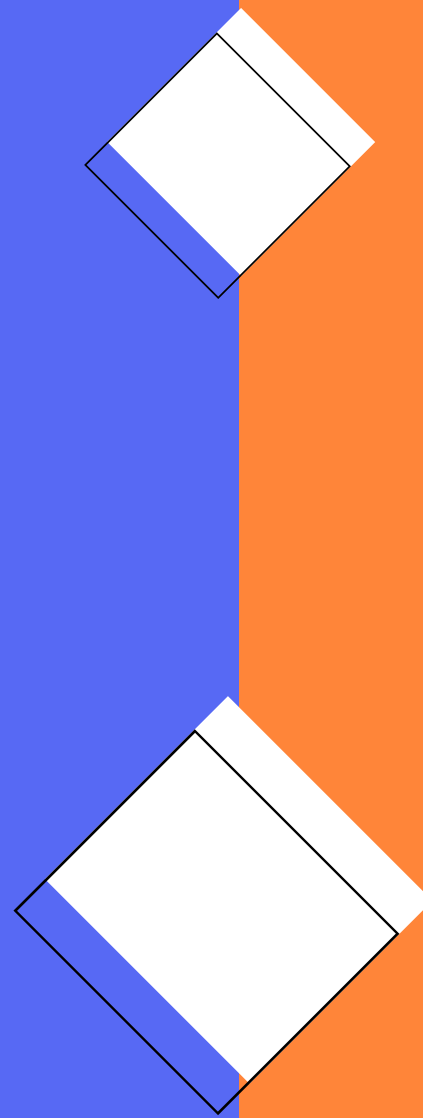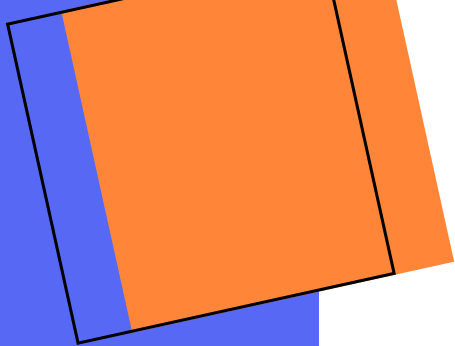# The STP Model, Positioning

Segmentation can be defined as:

- The process of identifying groups of customers with similar needs, with a view to supplying a single solution to the entire group. (Bythe, 2009)

- Dividing a market into distinct groups of buyers who have distinct needs, characteristics, or behaviour and who might require separate products or marketing mixes. (Armstrong and Kotler, 2005)

- Viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desires of customers for more precise satisfactions of their varying wants. (Smith, 1956)

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The place and importance of the STP model in marketing planning:

- External environmental analysis (strategic level)

- Competitors analysis (strategic level)

- Internal environment analysis (strategic level)

- Understanding Customer needs and motivations (strategic level)

- Segmentation, Targeting, Positioning (strategic level)

- Creating the Marketing-mix (operative level)

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Segmentation

1. Analysis of demand and needs

2. Analysis of the motivation triggers

3. Identification of the segmenting criteria and attributes (different on B2B, B2G and B2C markets)

4. The segmentation process itself

5. Identification of the features of the segments

Targeting

6. Choosing the lucrative groups

Positioning

7. POSITIONING

8. Creating the marketing-mix for each segment

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Segments' checklist:

✓ 01 Key performance indicators (KPIs) and variables should be measurable,

✓ 02 The different segments should be available by the marketing tools,

✓ 03 the different groups should be stable for a longer period of time,

✓ 04 the brand should be able to serve each segment on the possible highest level.

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Product features	Customer features			
	Geographical	**Demographic**	**Psychographic**	**Behaviour**
• Aim of use (household or professional) • Ingredients (allergens, special features) • Advantages (or fear of not having) • Price (price/value ratio) • Availability (amount of energy to get access) • Communication (whether it is easy to identify with) • Sales staff (expertise, outlook, training and safety) • Process (customer experience) • POS (Point of Sales features) • Reputation (kindness, professionalism, safety)	• Continent (distance, safety, general features) • Settlement type (from megapolis to village) • Region (level of industrial development) • Location (sublocation, part of the settlement) • Size (diversity) • Climate (whether in danger due to the climate change, special local needs) • Natural resources (challenges of everyday life)	• Age • Gender • Household type and size • Family life cycle stage • Education • Employment • Income (volume and structure) • Generation • Religion • Culture • Subculture	• Lifestyle • Personality	• Motivations • Advantages • Usage (Frequency, intensity, frequency of repurchasing) • Brand loyalty • Attitude • Consumption power • Purchasing readiness

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Positioning can be defined as…

- *The act of designing the company's offering and image so that they occupy a meaningful and distinctive competitive position in the target customer's minds (Kotler, 2005)*

- *The differentiation of brands by studying the ways in which their consumers differ as well as how consumer perceptions of various brands differ (Alpert and Gatty, 1969)*

- *The basic approach is not to create something new and different, but to manipulate what's already up there in the mind, to retire the connections that already exist (Ries and Trout, 2001)*

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Before entering the marketing we need to:

1. identify which product feature(s) will be important and/or attractive to the members of the given target group and can be converted into competitive advantage

2. choose that competitive advantage(s) where we can offer more/better/more satisfying than our competitors.

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Key steps to effectively understand and clarify your positioning in the marketplace:

1. Determine your current positioning strategy and position
2. Identify your direct and indirect competitors
3. Understand to what extend your brand can be substituted
4. Try to estimate how much effort your target market will make to gain your brand
5. Understand how each competitor is positioning their brand(s)
6. Identify your special feature(s) or USP

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Key steps to effectively understand and clarify your positioning in the marketplace:

7. Examine if your USP fits into the values of your target market
8. Develop an easy to differentiate positioning chain of ideas
9. Create a clear brand positioning statement
10. Collect the key words/stimuli which will make your target consumers take the energy and time to buy your brand.
11. Create your brand communication strategy
12. Make the different campaigns

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Brand Positioning Statement

„A one or two sentence declaration that communicates your brand's unique value to your customers sometimes in relation to your main competitors, in other cases only on its own."

Example:
Amazon.com used the following positioning statement in 2001 (when it almost exclusively sold books):
"For World Wide Web users who enjoy books, Amazon.com is a retail bookseller that provides instant access to over 1.1 million books. Unlike traditional book retailers, Amazon.com provides a combination of extraordinary convenience, low prices, and comprehensive selection."

Positioning Statement vs Tagline

Positioning Statement:

- For internal use

- Guides the marketing and operating decisions

Taglines:

- For external use

- Similar to a company mission statement

- Used in highlighting your marketing efforts

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Positioning Statements should include:

✓ 01 **Target Customer**
What is a concise summary of the target group of customers your brand is attempting to attract?

✓ 02 **Market Definition**
What category is your brand competing in and in and why is it relevant to your customers?

✓ 03 **Brand Promise**
What is the most attractive/motivating (emotional/rational) benefit to your target customers compared to your competitors?

✓ 04 **Reason to Believe**
What is the most convincing evidence that your brand delivers as a brand promise?

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A few positioning strategies:

Upon a feature
biggest, best, smallest, most beautiful, best evaluated,, etc

Upon an advantage what is objective
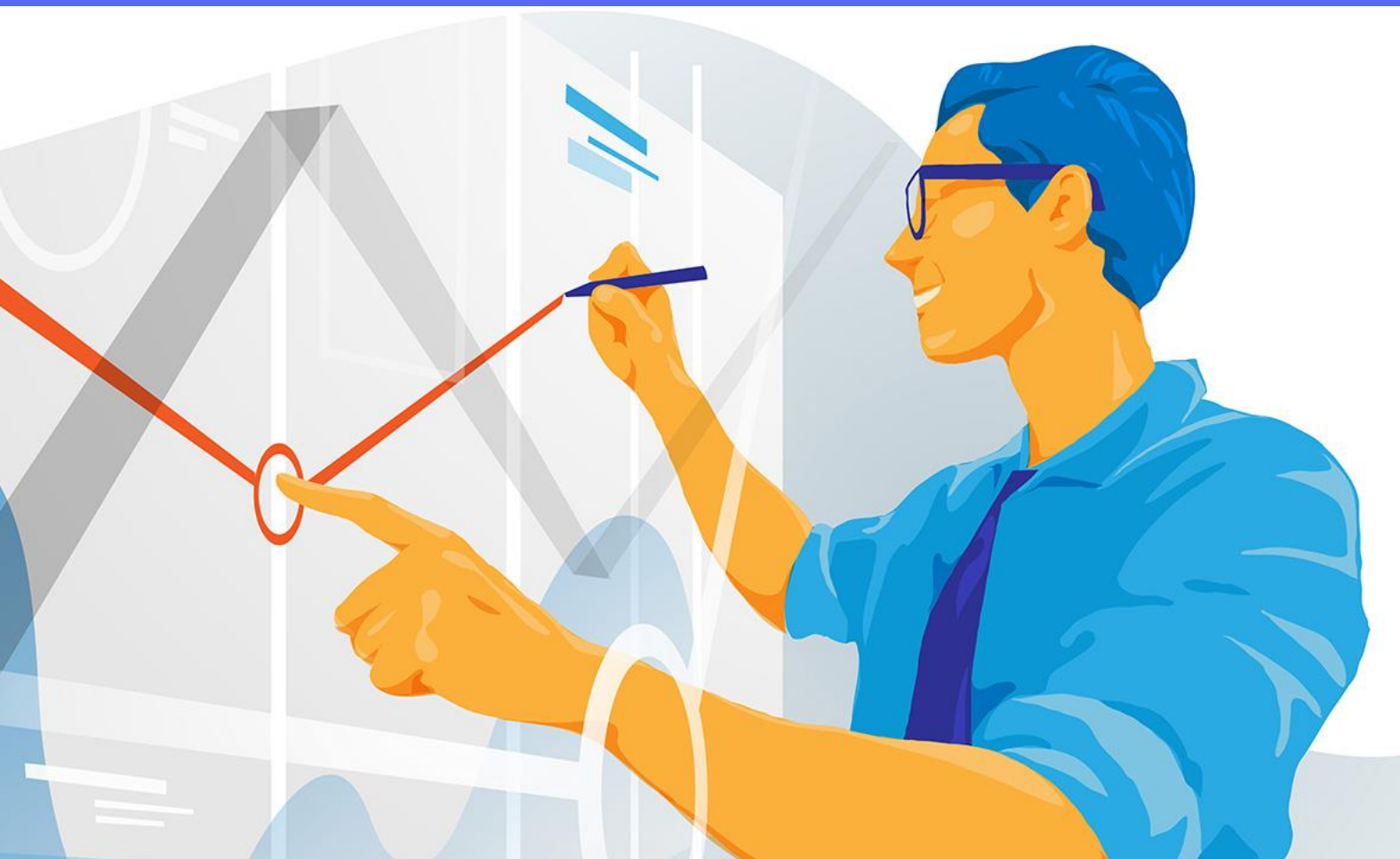safest, most reliable, most often recommended, etc

Upon usage
longest lasting battery, biggest screen (most visible), most user friendly, etc

Compared to the competitors
better than…., more comfortable than….

A few positioning strategies:

Upon place of origin
French wine (or Spanish), German car, Polish vodka, Italian design, Hungarian pálinka, Belgian chocolate, Romanian folk dance,etc

Upon transparency, business ethics
fair wages, no children labour, cruelty free, vegan, etc

Upon price/value ratio
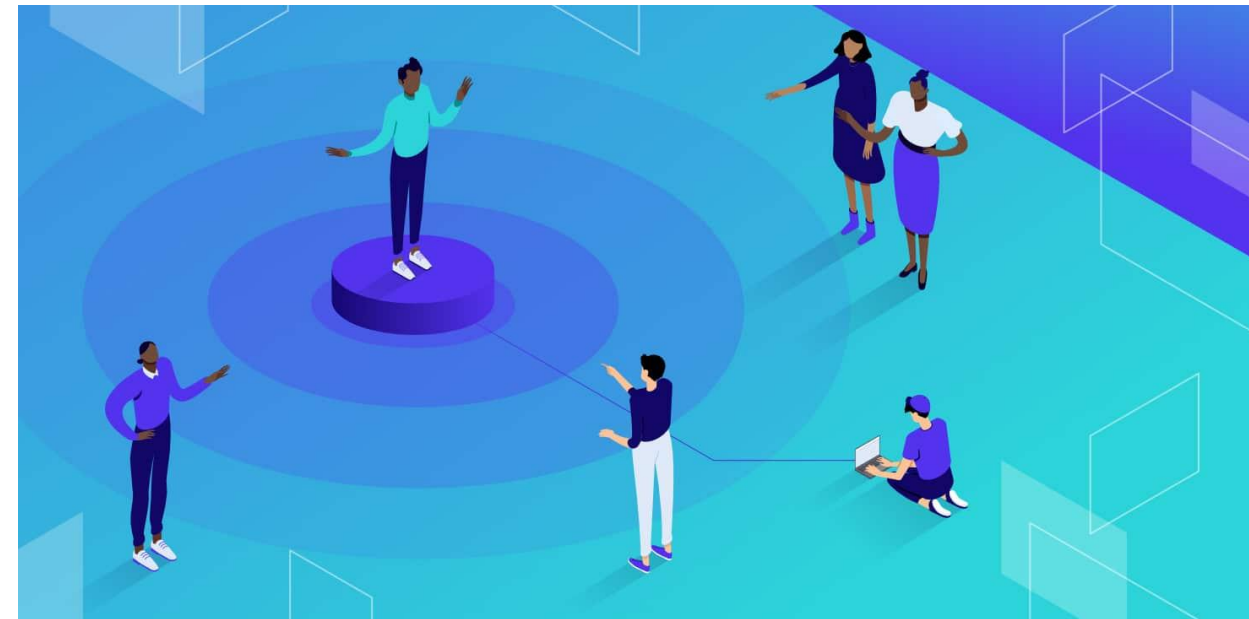a seaside villa, a luxury car, etc

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Positioning should be:

Clear,

Consistent,

Reliable/trustworthy,

Competitive,

Can answer why it is better or more feasible.

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Common mistakes:

You do not position, but build your brand only,

You try to position your product and not your concept,

Under positioning (the price/value ratio is underestimated),

Over positioning (overpricing the brand)

D'OH!

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Thank you for your attention!