

Segmentation, Targeting, Positioning (STP)

WORKSHEET

The core sequence of strategic marketing: divide a heterogeneous market into meaningful segments, choose which of them to serve, then position the offer so the chosen customers see a distinct and defensible reason to prefer it.

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1 SEGMENTATION

Dividing a heterogeneous market into groups of customers with similar needs, behaviours or responses to marketing. Smith's insight was that demand curves are plural: a market is many demand schedules, and strategy starts by seeing them.

2 TARGETING

Evaluating the segments and committing resources to the ones the business can serve profitably and defensibly. Targeting is the allocation decision inside STP, and it is where the sequence bites, because choosing a target means declining the rest.

3 POSITIONING

Designing the offer and its communication so the target segment perceives a distinct, valued place for it relative to competitors. Positioning lives in the customer's mind rather than in the brand book; the company only gets to propose it.

Segmentation, Targeting, Positioning (STP), 1956 · Originator: Wendell R. Smith (segmentation); Al Ries and Jack Trout (positioning); sequence codified and popularised by Philip Kotler.

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