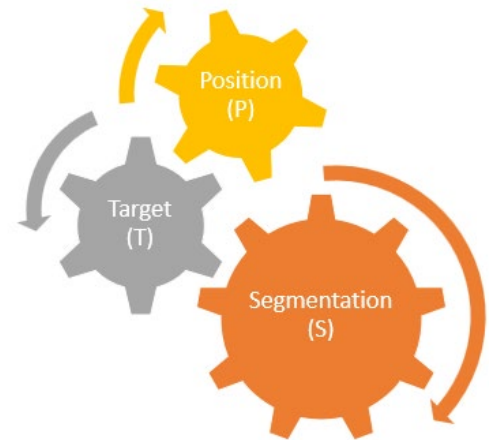




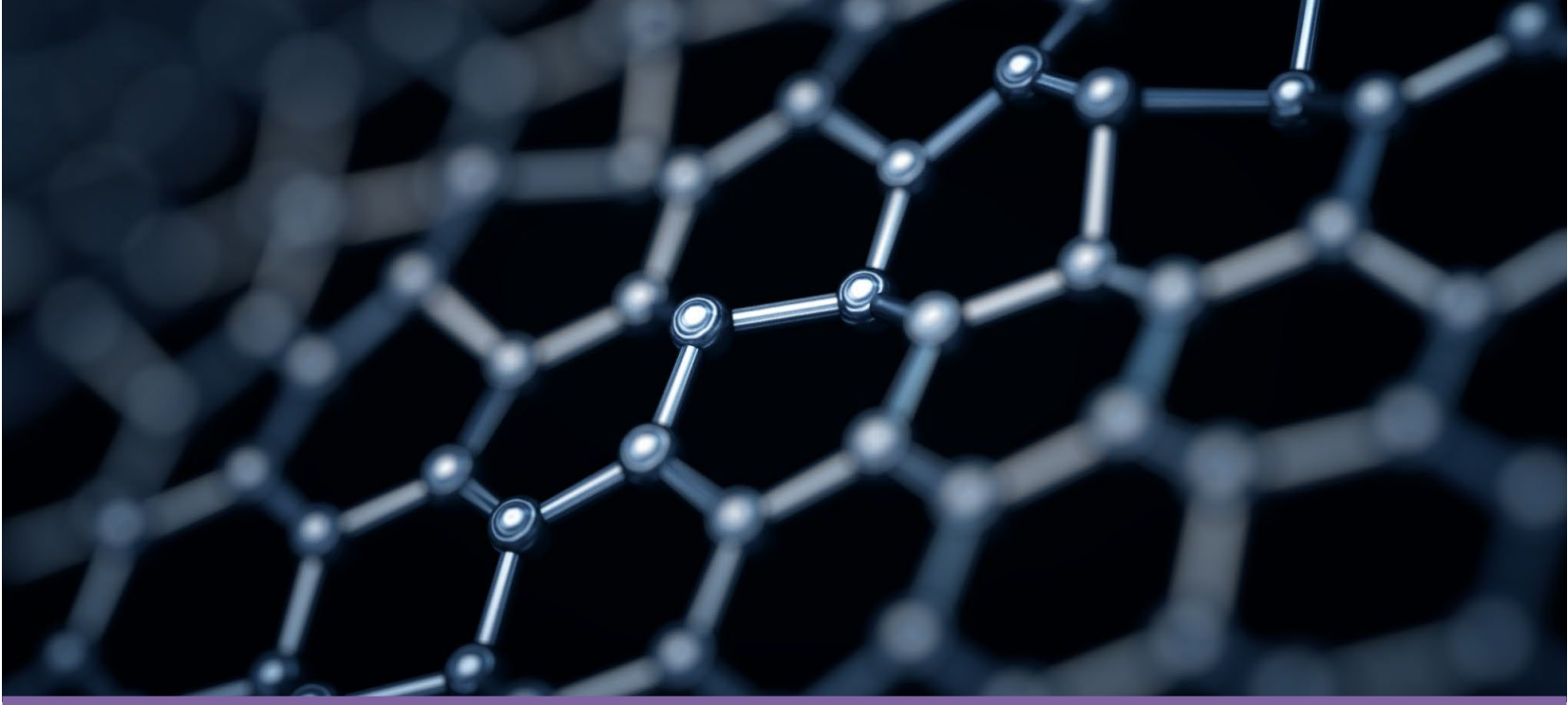
Meanings of Market Segmentation

The core of STP (Skills, Targeting, and Positioning) is recognizing that a "one-size-fits-all" strategy is no longer viable in today's highly competitive and diverse markets. Understanding the unique aspects of different market segments, selecting those that align with the organization's strategic strengths and goals, and creating marketing propositions that deeply add needs and desires of those segments is achieving a sustainable competitive adv



Market segmentation

Market segmentation is the process of dividing customers into different groups, or grouping customers with similar characteristics and needs, based on various criteria including demographics, geography, behavioral science, psychology, and technology. This is because today's market is flooded with businesses, and consumers have increasingly diverse needs. Especially in Thailand, where diverse cultures and lifestyles exist across different regions, marketers need to segment the market to understand consumer needs in each region, locality, group, and culture, and then accurately meet those needs.



Market segmentation, targeting, and positioning (STP) is the process of defining existing market target groups before selecting a group and then assigning clear goals to it.

Segmentation is the process of dividing a large market into smaller sub-sizes, grouping them based on relationships or similar characteristics.

Targeting is the selection of a specific target audience to be used in planning, developing, or presenting products and marketing plans appropriately.

Positioning is determining where one's product stands in the market.

Objective of Market Segmentation

Identify Target Segments

- Market segmentation helps to select high-potential consumer subgroups that are likely to respond to a product or service (Simon-Kucher & Partners, 2024).

Understand Needs and Buying Motives

- Studying each group helps us understand their needs, behaviors, and interests, which are crucial for developing communication strategies and product design (Emeritus, 2022).

Optimize Resource Allocation & Reduce Risk

- This helps focus marketing investments on the segments most likely to generate the highest revenue, reducing the wasteful spread of budget (Simon-Kucher & Partners, 2023).

Drive Product/Service Innovation

- Segmentation opens up opportunities to discover new features or market gaps, allowing for the delivery of products and services that better meet the needs of each customer segment (Simon-Kucher & Partners, 2022).

Enhance Marketing Effectiveness:

- Advertising is more effective when it aligns with the specific "voice" and needs of each market segment (Wired Messenger, 2024).

Strengthen Customer Engagement & Loyalty:

- Communicating with customers' key needs increases engagement and leads to long-term brand loyalty.

Case study examples

Ford Automotive Industry segments the car market based on usage, such as vehicles for heavy-duty work and vehicles for fun or lifestyle.

The objective is to develop vehicles that suit the characteristics of each consumer group in order to increase adoption rates and sales.

Nike's Shared Values consumer group uses segmentation data to create consumer subgroups with similar behaviors and product usage characteristics, such as athletes vs. sports fashion enthusiasts.

The objective is to develop products and marketing strategies that target high-potential groups to increase market share and loyalty.



Market segmentation

Step 1: Market
Segmentation

(s)

Step 2: Market
Targeting

(t)

Step 3: Market
Positioning

(p)

Step 4: Developing
the Marketing Mix for
Each Target Market

Effective market segment ation

The characteristics of a market segmentation are as follows:

- **Measurable:** When the market is segmented, the resulting sub-segments can be measured in terms of size and purchasing power.
- **Substantial:** When the market is segmented, the resulting sub-segments have sufficient demand to generate enough sales and profits.
- **Accessible:** When the market is segmented, the resulting sub-segments are accessible to the company and their needs can be met.
- **Actionable:** When the market is segmented, the resulting sub-segments allow the company to effectively use marketing programs to attract the target market.
- **Differentiable:** When the market is segmented, the resulting sub-segments are perceived by customers as differentiating the product and marketing mix from competitors, and their needs can be met to achieve satisfaction.

Bases for Segmenting Consumer Markets)

Geographic
Segmentation

Demographics

Psychology

Buying behavior
that influences
the product

Using Multiple
Segmentation
Bases

The Importance of Market Segmentation:

- Understanding customer needs: Helps businesses understand the diverse needs of different customer groups.
- Targeted marketing: Allows businesses to tailor products, services, and marketing strategies to the specific needs of each target group.
- Efficiency improvement: Enables businesses to use marketing resources more effectively.
- Customer satisfaction: Increases customer satisfaction because businesses can directly address customer needs.

Segmentation

Green Market Segmentation Criteria:

- **Geographic:** Major cities/economic zones with high purchasing power (Bangkok, Chiang Mai, Phuket)
- **Demographic:** Male-female, ages 20-45, Bachelor's degree or higher, medium to high income
- **Psychographic:** Health-conscious, environmentally conscious, interested in green innovations, values sustainability
- **Behavioral:** Have purchased green products before, willing to pay more for environmentally friendly products, use social media to research before purchasing

Examples of market segmentation.

- Clothing businesses might segment customers by gender (male, female) or age (teenagers, working adults, seniors).
- Food businesses might segment customers by geography (northern, southern) or lifestyle (health-conscious, spicy food lovers).
- Car businesses might segment customers by income (middle class, upper class) or purchasing behavior (fuel-efficient cars, luxury cars).

Targeting

Once the market has been segmented, targeting involves selecting the market segment with the greatest interest and potential to focus communication and marketing efforts on. This is done considering various criteria such as market size, attractiveness, profitability, level of competition, and alignment with resources and brand direction. Selecting the appropriate customer segment from the segmented groups considers the size and attractiveness of the target group: Is the target group large enough to generate sales? What are its commercial viability?

- Reachability to the target group: Can the business effectively reach and communicate with the target group?
- Alignment with business resources: Does the business have sufficient resources and readiness to meet the needs of the target group?



Positioning

Creating differentiation and a clear positioning for products and services in the minds of the target audience.

Create differentiation: Differentiate yourself from competitors with environmentally friendly features, sustainability, or a positive social impact.

Communicate value: Clearly and effectively communicate the value and differentiating aspects of your products and services to your target audience.

Build trust: Establish trust and confidence in your products and services through transparent and credible communication.

Marketing positioning

The final step in STP Marketing is product positioning. This crucial step defines the brand's image or position in the minds of the target customer group. Good positioning allows consumers to perceive the brand's value and the product's unique features that differentiate it from competitors, creating a distinct "space" in the customer's mind.

The steps in positioning are as follows:

Identify the key features and benefits of your product that you believe are outstanding and valuable in the eyes of customers.

Analyze the market positioning of existing competitors.

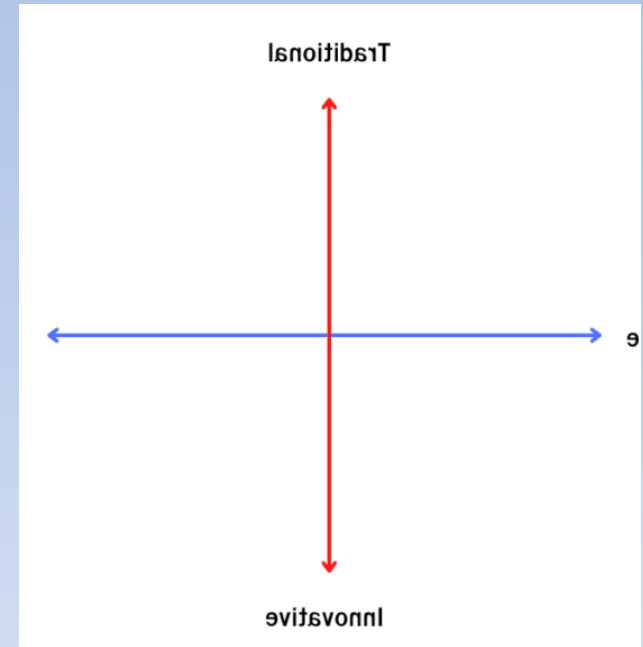
- Compare your strengths, weaknesses, and capabilities with those of your main competitors.
- Choose the positioning you want to communicate to your target audience, focusing on only 1-2 of your most important strengths.

Develop a marketing strategy to create and maintain this positioning in the long term.

Marketing positioning

The positioning process is most commonly done by plotting it on a graph using the X and Y axes to represent the features or strengths of the product or brand. Here are some examples of popular positioning strategies used in the market:

- Leadership: For example, having the number one market share, highest sales, or the most branches.
- Quality: For example, using premium materials, advanced production technology, meeting quality standards, or receiving quality awards.
- Value for Money: For example, lower price with comparable quality.
- Specialization: For example, products specifically tailored for the elderly or those with health problems.
- Differentiation or Novelty: For example, product design, features, technology, or packaging that differs from existing offerings.





Positioning Map

Starbucks
Café Amazon
Inthanin

Brand	มูลค่า (X)	Experience (Y)	Highlights	Main strategy
Starbucks	9	9	A premium, world-class brand with a distinctive store atmosphere, high-quality coffee beans, and barista service.	Premium Experience
Café Amazon	5	6	Wide coverage area, mid-range price, easily accessible, broad target audience.	Mass Market Convenience
Inthanin	6	7	Emphasis on environmental friendliness, consistent taste and quality, and a semi-premium image.	Eco-friendly + Mid-premium



This tool compares brand positioning in consumers' minds using a two-dimensional axis key to decision-making:

X-axis = Price (low to high)

Y-axis = Quality/Experience (low to high)

This diagram helps identify which segment a brand belongs to, who it competes with, and where uncapped market gaps exist.

- Starbucks dominates the high-end market in both price and quality/experience.
- Café Amazon targets the mass market, focusing on numerous branches and mid-range prices.
- Inthanin is in the mid-to-high end, emphasizing quality and an environmentally friendly brand.

It highlights that Inthanin exemplifies green marketing positioning, using biodegradable paper cups, encouraging customers to bring their own cups (with refill discounts), and sourcing coffee beans from Thai and organic farmers to communicate a green brand image.

Market Positioning

The Benefits of STP Marketing

If you're still unsure how Segmentation, Targeting, and Positioning marketing analysis can help transform your business for the better, STP offers more than traditional marketing approaches:

Effective Brand Communication

- Knowing who your target audience is, where they are located, their age, and their communication style allows you to communicate more effectively and directly with them.

Choosing Marketing Channels Accurately

- Understanding your customers' personalities, lifestyles, and habits allows you to select the right marketing channels to communicate with them, saving unnecessary marketing costs by avoiding a nationwide search for uninterested parties.

Improved Market Research and Product Development

- In product research, you can specifically target your planned customer group. Recommendations for improving products include inquiring about usage patterns and in-depth needs to develop more accurate and efficient products.

Enhancing the Competitiveness of Small Businesses

- STP (Skills, Targeting, and Positioning) is a tool that helps small businesses conduct in-depth market research, identify market gaps comprehensively across multiple dimensions, and create products that meet their customer needs.

Forecasting market demand and forecasting the company's sales.

Considering the purchasing demand (forecasting market demand).

