

MODULE 5 OF 11 · FOUNDATIONS OF MARKETING

Segmentation, Targeting & Positioning (STP)

LEARNING OBJECTIVE

Explain how businesses segment a market, choose a target segment, and build a market position.

KEY VOCABULARY

Segmentation

Targeting

Positioning

Positioning map

WHY THIS MATTERS

STP is the bridge between understanding the market (modules 1–4) and designing an actual offer for it (the marketing mix, coming next). Skipping it means guessing who the mix is even for.

WARM-UP QUESTION

“Could one product ever appeal equally to everyone? Why do companies usually pick a specific group instead?”

DISCUSSION QUESTION

Can a business successfully target more than one segment with different versions of the same core product?

DISCUSSION QUESTION

What two dimensions would you use to build a positioning map for smartphones?

Core Concepts

Segmentation splits a market into groups

Common bases include demographic (age, income), geographic (location), psychographic (lifestyle, values) and behavioural (usage, loyalty).

Example: A gym might segment by age (students vs retirees) and by behaviour (daily users vs occasional visitors).

Targeting chooses which segment(s) to serve

Businesses weigh segment size, growth, fit with the business, and competition before committing resources to one or more segments.

Example: A new vegan snack brand might target health-conscious 20–35-year-olds rather than trying to appeal to everyone.

Positioning claims a place in the customer's mind

A positioning map plots competing brands on two dimensions customers care about (e.g. price vs quality) to show where a clear gap exists.

Example: A budget airline positions itself as low-price/no-frills, deliberately opposite a premium full-service carrier.

COMMON MISTAKE TO AVOID

Trying to target "everyone" to avoid missing out on any customer — in practice this usually means the product fits no one particularly well.

Running the Lesson

TEACHING OUTLINE

1. Introduce common segmentation bases (demographic, geographic, psychographic, behavioural).
2. Discuss criteria for choosing a viable target segment.
3. Build a simple positioning map contrasting two competing brands.

CLASSROOM ACTIVITY

In groups, plot four familiar brands on a positioning map (e.g. price vs quality) and justify the placement.

MINI CASE STUDY

A local coffee roastery segmented its market into office workers (convenience-focused) and hobbyist home-brewers (quality-focused), targeted the home-brewers first since they paid more per bag, then positioned itself as "the roastery that explains where every bean comes from" — a position none of the supermarket brands nearby were claiming.

RECAP

- Segmentation splits a market using demographic, geographic, psychographic or behavioural bases.
- Targeting selects which segment(s) are worth serving.
- Positioning is the deliberate place a brand claims in the customer's mind, relative to competitors.

HOMEWORK / EXTENSION

Pick a brand you use. Guess which segment it targets and how it's positioned against one specific competitor.

Full lesson & free auto-marked quiz: marketingteacher.com/courses/foundations-of-marketing/lessons/targeting-and-positioning-choosing-and-claiming-your-place-in-the-market/