

Analysis of Marketing Strategies for Optimizing Commercial Performance under STP Theory

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Abstract: Based on the rapidly expanding and highly competitive commercial performance market in the post-pandemic era, the application of the STP (Segmentation, Targeting, and Positioning) Theory in optimizing marketing strategies for commercial performances is explored in this paper. Through market segmentation, audience groups are divided in detail based on age, music preference, geographic location, and other factors. In the target market stage selection, the most promising and attractive segments are identified, with due consideration to the characteristics of the segments and the company's strategic objectives. In the market positioning stage, the unique competitive position of each performance in the target market is clarified, and the audience is attracted and retained by the provision of differentiated experiences and services. This paper employs a combination of literature analysis and a case study to illustrate the practical applications and outcomes of STP theory. The research results show that the implementation of precise market segmentation, clear target market selection, and differentiated market positioning can significantly enhance the market competitiveness of commercial performance enterprises, thus facilitating sustainable development. The paper aims to propose a systematic and effective marketing strategy optimization framework for commercial performance enterprises, to help them develop and implement effective marketing strategies, and promote brand influence and market share in the context of a complex and evolving market environment.

Keywords: STP Theory, Commercial Performance, Marketing Strategy, Brand Influence.

1. Introduction

As the global pandemic situation gradually stabilizes, the cultural industry has entered a period of substantial growth, as evidenced by a notable expansion in the commercial performance market [1]. And commercial performances, from concerts, and music festivals to live house performances, have become a significant aspect of current entertainment consumption, which not only meets people's spiritual and cultural needs, but also greatly promotes the integration of local economy and cultural tourism. The lifting of the long-repressed state has resulted in a notable increase in market demand for live performances. However, the advent of market prosperity is frequently accompanied by a surge in competitive pressures. While enjoying market dividends, these performance organizations are also experiencing intensifying competition in the market. In light of the limitations of traditional marketing methods in addressing the evolving needs of the contemporary market, it is of paramount importance for commercial performance organizations to adopt a more nuanced approach to market

segmentation, develop strategies that differentiate their offerings, and disseminate performance data to potential audiences through efficacious communication channels. This process is in alignment with the fundamental tenets of the STP Theory. As a result, the paper aims to examine the potential applications of STP Theory in the optimization of commercial performance marketing strategies. Through in-depth analysis of market segmentation, target market selection, and market positioning, the results indicate how commercial performance organizations develop and implement effective marketing strategies to enhance market competitiveness and achieve sustainable development in the complex and changing market environment.

2. STP Theory Overview

In the 1950s, American economist Wendell R. Smith put forward the concept of market segmenting. Later, Philip Kotler, the Father of Modern Marketing, further developed and perfected Market Segmentation Theory, and came up with the STP Theory. S, T, and P stand for Segmentation, Targeting, and Positioning, respectively. According to the STP Theory, the market is a complex of multi-level and diversified consumer demand collection, no enterprise can meet all the needs. First, segmentation subdivides the market for a given product or service into several consumer groups composed of similar needs based on different needs, purchasing power, and other factors. Second, targeting involves selecting the segmented market with a certain scale and development prospects from the sub-markets according to its own strategy and products, and in line with the company's objectives and capabilities as the target market. Third, positioning determines the position of the product or service in the target market. Enterprises need to position their products in the location preferred by the target consumers and disseminate this positioning message to the target consumers through a series of marketing activities so that they notice the brand and perceive that this is what they want.

3. Applications of STP Theory in the Marketing of Commercial Performances

3.1. Segmentation

Segmentation requires commercial performance organizations to carefully analyze the diversity of their audiences, including segmenting them into groups based on demographic, psychographic, geographic, and behavioral factors and making effective decisions about the target market [2]. In more detail, these organizations should consider the age, gender, income level, and even personality of their audiences and categorize them into subgroups. In addition, some organizers have utilized social media data analysis, questionnaires, and feedback collection to obtain information about audience preferences after the performance.

In real-life applications, since each group has different needs and acceptance of performance content, performance organizations will segment the audience according to their age level, such as children's musicals designed for children, live performances, music festivals, and concerts for young people, and classical recitals for the middle-aged and the elderly. In addition, performances can be categorized according to their type, such as pop concerts, dance and theater performances, classical music recitals, or rock and metal. Through such refined market segmentation, performance organizations are able to grasp the characteristics of each sub-market more accurately. However, the current market segmentation of the commercial performance market still has problems. First, the market segmentation is not clearly defined. For example, it is limited to the demographic variables of age and gender, without taking into account consumers' interests and buying habits. This practice makes it difficult for products to accurately meet the needs of specific groups. Second, inadequate segmentation results in the disregard of market distinctions and the inability to discern customer interest in specific products, thus failing to capitalize on market opportunities. Third, excessive

segmentation gives rise to an excessively narrow market, and the pursuit of extreme personalization culminates in the introduction of disparate products and services for each segment, which in turn gives rise to elevated costs and management complexities.

3.2. Targeting

In terms of market segmentation, performance organizations select the most suitable target market to enter based on their own conditions, and they analyze the market size, growth potential, competition situation, and audience demand. For example, families with children should be chosen as the target audience for the performance of a children's art troupe, whereas the culture and purchasing power of different regions, as well as the needs of their fan base, should be analyzed when a pop star holds a concert. Take Jay Chou's *Carnival World Tour* concert as an example. Given the extensive and diverse fan base that Jay Chou has amassed, it is evident that his concerts are designed to cater to a broad demographic, which not only features a carefully curated selection of both old and new songs, but also incorporates special segments, such as interactive choruses by fans, to engage and appeal to a wider audience. Nevertheless, current problems in selecting target markets include the inability to accurately assess market potential and their own capabilities, over-reliance on a single target market, and neglect of the development of potential markets. For example, certain commercial performance companies may select the highly competitive music market, which provides significant profitability but presents a challenge due to a lack of competitive resources. In addition, some opera troupes only perform in a certain region for a long time, and their target audience is only the elderly, which will also lead to a shrinking of the performance market in the long run.

3.3. Positioning

Once the target market has been identified, performance organizers must develop a differentiated market positioning strategy to differentiate themselves from competitors and attract audiences. This strategy includes designing distinctive products and services and creating the brand identity. For example, the positioning of a music festival or live house performance usually involves the unique experience it can offer, such as the lineup, location, surrounding attractions, and overall atmosphere [3]. China's MIDI Music Festival, the first original music festival founded by the Beijing MIDI Music School, is the birthplace of China's underground rock and attracts many Chinese rock-loving youth [4]; while the Vienna Philharmonic Orchestra and the Golden Hall of the Vienna Musical Association highlight the top image of the classical music field, with its brilliant architecture and acoustics attracting countless classical music lovers. Meanwhile, there are also musicians or musical groups who showcase their products and attract audiences by combining online and offline. They label themselves as "close to life," and sometimes do live streams on social media, thus attracting individuals who normally did not pay attention to them through the spread of social media, and bringing them closer to their fans as well. However, at present, the positioning of some enterprises is broad and unclear. For example, some music festivals in China try to cover all types of music lovers, thus setting up a hip-hop, pop, and rock mixed lineup. However, rather than capitalizing on the preferences of their target audience, they receive a multitude of unfavorable reviews and fail to garner the depth of attention they seek. Furthermore, market positioning issues frequently entail a discrepancy between the product or service offered and the demands of the market. In particular, some brands fail to take into account the changes and improvements occurring in the market, thereby hindering their own development and growth.

4. Marketing Strategy Optimization

4.1. Integrated Marketing Communications

Integrated Marketing Communications (IMC) has established a dialog between the brand and its customers, which can evoke consumers' associations with an individual, place, experience, or thing, thus enabling marketers to assign more value to a product or service. It ensures that all forms of communication are closely linked, integrating a variety of communication tools and channels to provide consumers with a seamless experience that reinforces the brand message [2]. The American Association of Advertising Agencies defines IMC as a concept of marketing communications planning that recognizes the added value in a plan that integrates a variety of strategic disciplines, such as general advertising, direct response, sales promotion, and public relations, and combines these disciplines to provide clarity, consistency, and maximum communication impact. In addition, brand positioning can be studied in depth to ensure it is effective over time. In this way, they can identify the main reasons why customers choose that product [5].

Given that musicians and musical groups possess analogous associations and attributes to those of a product or service and are amenable to professional management, they may be regarded as human brands. Consequently, in the commercial performance market, maintaining the same visual image and brand message across all promotion channels such as posters, social media, and official websites can strengthen customers' impression of the brand [5]. Furthermore, music performance organizations have to precisely analyze the target audience based on their music preference and consumption behavior. For instance, in the context of live rock shows, pop concerts, or classical music recitals, event organizers are advised to devise distinct promotional content and engagement strategies to enhance the relevance of their offerings.

4.2. Digital Marketing

Digital marketing involves utilizing digital channels, such as search engines, social media, email, and websites, to connect with existing and potential customers [6]. As digital media consumption continuously increases, it is imperative for businesses to refine their digital marketing strategies in order to achieve success [7]. Since the majority of music lovers are active on media platforms such as Snapchat, Instagram, YouTube, Twitter, and Facebook, they are considered an excellent way to connect with fans and maintain the link [8]. Through online surveys or customer reviews, musicians or musical groups can strengthen their bonds with fans, increasing their loyalty. Canadian rapper Aubrey Drake Graham became widely known for a meme that attracted thousands, if not millions, of fans on the Internet. The popularity of this meme galvanized fans into purchasing all of the albums shortly after they hit the shelves [9].

The traceability and measurability of digital marketing enable performance organizers to track the effectiveness of activities in real time. For example, the application of big data analytics to the domain of music preferences on ticketing software enables companies to disseminate targeted and personalized advertisements for shows to their customers. In addition, event organizers can utilize direct email and text message communication with music fans to foster connections and extend invitations to upcoming events or explore related products. The provision of ticketing services on official websites and third-party ticketing platforms enables performance organizers to facilitate the purchase of tickets at any time and from any location, thereby enhancing audience participation, satisfaction, and revenue.

4.3. Customer Relationship Management

Customer Relationship Management (CRM) involves techniques for managing and analyzing customer interactions and data, aiming to improve relationships with customers, retaining customers, and driving sales [2]. The requirements for CRM have increased over time [10]. Audiences are usually customers, which plays an integral role in the success of the performance. Consequently, maintaining a good relationship is crucial for a musician or music group. Based on data collected using IMC and digital marketing, commercial performance organizations can make personalized communications with the customer such as sending jazz and blues fans exclusive invitations to a private blues night party, or offering people who use the ticket platform a lot the preemptive right when purchasing tickets. Furthermore, musicians and musical groups can provide fans with a meet-and-greet or CD signing to bring them closer to their fans. Besides, they can establish fan chat groups on social media, thereby fostering a sense of community that reinforces customer loyalty and encourages word-of-mouth referrals. Meanwhile, the official accounts are able to disseminate behind-the-scenes footage or interviews of the program, thus providing customers with further insight into the intricacies of the program. This enables customers to gain a deeper understanding of the nuances of the show. Hence, customers feel affinity and authenticity, which enhances customer satisfaction. The integration of IMC, digital marketing, and CRM strategies allows business performance organizations to enhance their efforts to deliver a superior customer experience and gain a deeper understanding of their customers. Such strategies can assist companies in optimizing marketing outcomes and achieving sustainable growth.

5. Conclusion

This paper, which is based on the STP theory, discusses the optimization of marketing strategies for commercial performances and demonstrates the effectiveness and application value of the theory through a series of case studies. Furthermore, it elucidates the pivotal function of STP Theory in bolstering the competitiveness of commercial performance markets and proffers a compendium of bespoke optimization strategies through an examination of market segmentation, target market selection, and market positioning. The research results show that by meticulously segmenting the target audience into different groups according to different characteristic elements, organizers can ensure the relevance and effectiveness of their messaging. Moreover, decisions made at these stages are directly related to the success of subsequent marketing efforts. Enterprises should weigh their strategic objectives and market potential to select the market segment that best suits their development. Market positioning not only helps to create a distinctive image for the brand, but also ensures a stable competitive advantage in the target market. The strategies detailed in this paper under IMC, digital marketing, and CRM can appeal to a wider target audience, creating a win-win situation for both the organization and the culture.

However, despite the considerable promise of STP Theory in enhancing marketing strategies for commercial performances, there are still many challenges in practice, and the ability to collect and analyze data is one of the important factors affecting the effectiveness of STP theory application. Therefore, future research should focus more on how enterprises can improve their data-driven capabilities to maintain the flexibility and adaptability of their marketing strategies in a rapidly changing market environment. In conclusion, the paper offers insights for commercial performance organizations seeking to enhance their performance, reinforce their competitive advantages, address shortcomings, and achieve superior outcomes in the highly competitive commercial performance market.

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