
THE ROLE OF STP MARKETING STRATEGY IN ENHANCING THE MARKETING PERFORMANCE OF IKM LOGAM TEMBAGA, CEPOGO VILLAGE, BOYOLALI



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Abstract

This research investigates the role of Segmenting, Targeting, and Positioning (STP) strategies in enhancing the marketing performance of copper handicraft SMEs (IKM Logam Tembaga) in Cepogo Village, Boyolali. A mixed methods approach was used, beginning with a Focus Group Discussion (FGD) involving 15 business owners divided into three groups. The FGD explored the extent to which these entrepreneurs understood and implemented STP principles. Findings revealed that while 53.3% of participants demonstrated explicit awareness of STP, many others intuitively practiced its principles through segmentation, buyer targeting, and product differentiation. This was followed by a quantitative analysis using Structural Equation Modeling (SEM) via SmartPLS, involving 41 IKM respondents. The SEM results show that only Positioning had a statistically significant effect on marketing performance ($\beta = 0.51$, $p = 0.025$), while Segmenting ($\beta = 0.20$, $p = 0.34$) and Targeting ($\beta = 0.07$, $p = 0.82$) did not show significant effects. The measurement model met all validity and reliability thresholds ($CR > 0.90$, $AVE > 0.68$), and the model explained 50.1% of the variance in marketing performance. These findings suggest that SMEs with a strong brand narrative, product uniqueness, and storytelling capabilities perform better in the competitive craft market. The research recommends capacity-building programs in STP and digital branding to increase competitiveness among rural SMEs.

Keywords: STP Strategy; Marketing Performance; Copper Handicraft; Rural SMEs; Positioning

INTRODUCTION

Small and Medium Enterprises (SMEs) represent the backbone of many developing economies, contributing to employment, innovation, and rural development. In Indonesia, SMEs, particularly those operating in traditional craft sectors, often face limitations in accessing modern marketing strategies to scale their performance (Haris, 2024; Wicaksana et al., 2024). The copper craft industry (IKM Logam Tembaga) in Cepogo Village, Boyolali, is one such example of a heritage-based rural cluster with unique market potential but facing challenges in marketing effectiveness.

Within marketing science, the Segmenting, Targeting, and Positioning (STP) framework is regarded as a core strategic tool to achieve customer alignment and improve performance outcomes (Kotler & Keller, 2016; Armstrong et al., 2014). STP has been widely adopted across global contexts, but research into its implementation in Indonesian craft SMEs remains limited. While larger firms often formalize their STP strategies, micro and small businesses in rural areas tend to rely on intuitive or informal practices (Nursasi et al., 2025).

Several studies have investigated the role of STP in shaping SME competitiveness. For example, Agustian et al., (2025) argue that the use of STP in traditional industries such as batik allows for a more structured transition into digital marketing. Similarly, Hadinata (2024) emphasizes the integration of STP with social media platforms as a pathway to enhance SME visibility and differentiation. However, empirical findings are mixed; some SMEs report gains in customer targeting and positioning, while others lack the foundational understanding to apply STP effectively.

Marketing performance is another critical concern in SME sustainability. Utami et al. (2022) found that product innovation and market orientation significantly influence marketing success. Paraswani et al. (2024) extended this by highlighting how entrepreneurial orientation and competitive advantage intersect with innovation capability to drive SME growth. For craft-based industries, brand heritage also plays a strategic role in consumer loyalty (Aisyah & Evanita, 2024). In the context of Cepogo Village, where copper craftsmanship holds cultural and historical value, positioning based on heritage may be particularly effective (Gustiawan & Sudarmiatin, 2025; Zhang & Li, 2025).

Despite this potential, many IKM actors in Cepogo continue to adopt generalized approaches, lacking segmentation insight or clarity in brand positioning. This is concerning given the shifting consumer behavior in favor of sustainable, locally-rooted, and aesthetically unique products (Baviskar et al., 2024; Deb & Shoeb, 2024). Pratama and Ony (2020) demonstrate how the lack of digital STP adaptation can limit competitiveness, particularly as marketplaces and visual branding become more critical.

This study addresses this gap by evaluating the influence of STP strategies on marketing performance among copper handicraft SMEs in Cepogo Village. It applies a mixed methods design, beginning with a qualitative exploration of STP awareness through Focus Group Discussions (FGD), followed by a quantitative analysis using Structural Equation Modeling (SmartPLS) to test the effect of each STP dimension on marketing performance. This approach contributes both conceptually and practically by uncovering how rural SMEs can enhance their competitiveness through structured marketing strategies aligned with local identity and customer orientation.

REVIEW OF LITERATURE

STP Framework in SME Marketing

The Segmenting, Targeting, and Positioning (STP) strategy is a foundational marketing model introduced by Kotler and Keller (2016) that enables firms to better align their products with specific market needs. While large enterprises often institutionalize STP practices, small and medium-sized enterprises, particularly those operating in rural or creative sectors, face challenges in implementing these strategies due to limited resources and a lack of formal training (Armstrong et al., 2014). In the Indonesian SME context, Fadhilah et al. (2023) demonstrate that many SME actors continue to rely on generalized marketing approaches and fail to utilize segmentation insights or develop differentiated positioning strategies.

Az-Zahra and Syam (2025) demonstrated how STP could be systematically combined with SWOT analysis to guide digital marketing strategies for traditional industries. Their study revealed that when SMEs deliberately segment their markets and align product narratives with customer identities, market reach and engagement improve. Wijijayanti (2025) further emphasized that the expansion of industrial markets hinges on a well-calibrated STP approach tailored to dynamic consumer preferences.

Marketing Performance in Craft-Based and Rural Enterprises

Marketing performance is a critical determinant of SME sustainability and competitiveness. Haris (2024) posits that rural SMEs can improve their performance by leveraging "community-based marketing" and embracing the authenticity of local traditions. Supporting this, Razak et al. (2024) found that market orientation and entrepreneurial behavior significantly correlate with SME performance, especially when combined with product innovation.

Utami et al. (2022) expanded this view, arguing that creativity moderates the effect of product innovation on performance. Their findings are highly relevant to the copper craft sector, where innovation is often expressed through design uniqueness and artisanal value. Pratama and Ony (2020) also noted that SMEs in cultural industries like batik can gain a competitive edge through the strategic use of digital marketing tools to communicate product value.

Brand Heritage and Consumer Positioning

One of the most powerful yet underutilized marketing assets in creative industries is brand heritage. Aisyah and Evanita (2024) showed that brand heritage not only enhances brand image and trust but also fosters customer loyalty. The ability of SMEs to communicate the cultural or historical significance of their products becomes a key differentiator in niche markets.

Gustiawan and Sudarmiati (2025) further support this view, showing that SMEs in Malang who integrated local identity into their branding were more successful in capturing both local and international interest. For Cepogo Village, where copper handicraft is rooted in generations of cultural practice, heritage-based positioning can create emotional appeal and market distinction (Zhang & Li, 2025).

Digitalization, Visual Identity, and Innovation

Modern consumer behavior is shifting toward visual trends, sustainability, and authenticity. Baviskar et al. (2024) found that while consumers are increasingly drawn to sustainable products, their purchasing decisions are still heavily influenced by visual appeal and design elements. This has major implications for craft SMEs, where visual identity can be integrated into positioning strategies.

Digitalization also plays a vital role in extending SME market reach. Hadinata (2024) noted that SMEs adopting social media marketing were more likely to experience performance gains, particularly when STP principles were embedded in content strategy. Deb and Shueb (2024) reinforced this by showing how digital marketing not only increased visibility for handicraft family businesses but also supported sustainable business outcomes. Similarly, Wicaksana and Mar'an (2024) emphasized that digital tools such as website integration allow rural SMEs to overcome geographic and logistic limitations.

Summary of Gaps

While previous studies have established the importance of STP, branding, and innovation, there is limited empirical research that explores how each STP dimension contributes to marketing performance in the context of heritage-based rural SMEs. This study addresses that gap by analyzing both STP awareness (qualitative FGD) and STP effectiveness (quantitative PLS-SEM) within the IKM Logam Tembaga community in Cepogo, Boyolali.

RESEARCH METHOD

This research adopts a mixed methods approach combining qualitative and quantitative data to comprehensively evaluate the implementation and effectiveness of Segmenting, Targeting, and Positioning (STP) strategies among copper handicraft SMEs (IKM Logam Tembaga) in Cepogo Village, Boyolali.

Research Design

The study is structured in two stages:

1. **Qualitative Exploration (Stage 1)**

Aimed at understanding the level of awareness and informal application of STP among business owners. This phase used Focus Group Discussions (FGD) based on a semi-structured interview guide involving 15 participants from three IKM groups (5 per group). The data helped identify thematic patterns of STP knowledge and practices, and provided contextual depth for questionnaire construction in the next phase.

2. **Quantitative Evaluation (Stage 2)**

This phase quantitatively tested the effect of the STP strategy on marketing performance using Structural Equation Modeling (SEM) with SmartPLS 4.0. The dimensions of STP, namely segmenting, targeting, and positioning, were treated as exogenous variables, while marketing performance was specified as the endogenous outcome variable.

Data Collection Procedure

Qualitative Phase

The FGD was conducted with 15 business owners or managers from IKM Logam Tembaga, grouped by level of business experience. Discussions were recorded and analyzed

using thematic content analysis. A summary of STP awareness was generated, showing that only 7 of 15 participants had explicit understanding of STP principles, while others applied it intuitively (e.g., targeting tourism markets or positioning as heritage crafts).

Quantitative Phase

A structured questionnaire was developed based on insights from the FGD. The research instrument consisted of a structured questionnaire comprising 19 statement items across four constructs: Segmenting (3 items), Targeting (3 items), Positioning (3 items), and Marketing Performance (10 items). All items were measured using a 5-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The items were developed based on prior validated scales and adapted to fit the context of IKM Logam Tembaga. Distribution was done via direct administration, resulting in 41 valid responses. Sampling was conducted using non-probability, convenience sampling, focused on registered copper SMEs in Cepogo, Boyolali, Central Java.

Table 1.
Variable Operationalization

Variable	Indicator Example	Source
Segmenting	Demographic, behavioral segmentation	Adapted from Fadhillah et al. (2023)
Targeting	Market prioritization, buyer clarity	Az-Zahra & Syam (2025)
Positioning	Perceived uniqueness, brand identity	Aisyah & Evanita (2024); Kotler (2016)
Marketing Performance	Sales growth, brand awareness	Utami et al. (2022); Razak et al. (2024)

All constructs were measured reflectively using validated indicators adapted from previous studies and refined through the qualitative FGD phase.

Analysis Techniques

The Partial Least Squares Structural Equation Modeling (PLS-SEM) technique was selected due to its robustness with small samples and its suitability for exploratory models. The model was evaluated using:

- **Outer Model Testing:** For indicator reliability (loading > 0.70), construct reliability (Cronbach Alpha, Composite Reliability > 0.70), and convergent validity (AVE > 0.50).
- **Inner Model Testing:** For path coefficients, R² values, and significance using **bootstrapping** with 5,000 samples.
- **Software Used:** SmartPLS version 4.0 and Microsoft Excel for preprocessing.

Research Ethics

All respondents participated voluntarily and were informed about the study's academic purpose. Anonymity was ensured throughout the data collection process, and results were used exclusively for research and publication.

RESULTS AND DISCUSSION

Descriptive Summary of Respondents

The quantitative phase involved 41 respondents from copper handicraft SMEs (IKM Logam Tembaga) in Cepogo Village, Boyolali. Respondents varied in terms of business age, employee count, and production scale. Most were male-owned businesses with over five years of operation. Approximately 70% had never formally studied marketing strategy, yet many reported performing market segmentations intuitively based on buyer profiles and sales channels (e.g., tourists, resellers).

Measurement Model Results (Outer Model)

The measurement model was tested using PLS-SEM in SmartPLS 4.0. All outer loadings exceeded 0.70, meeting indicator reliability thresholds. Composite Reliability (CR) values for all constructs ranged between 0.923 and 0.943, indicating high internal consistency. The Average Variance Extracted (AVE) values were all above 0.68, meeting convergent validity requirements.

Table 2
Construct Reliability and Validity

Construct	Cronbach Alpha	Composite Reliability	AVE
Segmenting	0.889	0.923	0.751
Targeting	0.891	0.925	0.754
Positioning	0.898	0.933	0.778
Marketing Performance	0.912	0.943	0.771

Source: SmartPLS Output, processed by author

Structural Model Results (Inner Model)

The inner model evaluated the impact of Segmenting, Targeting, and Positioning on Marketing Performance. The model's $R^2 = 0.501$, suggesting that STP variables collectively explain 50.1% of the variance in marketing performance.

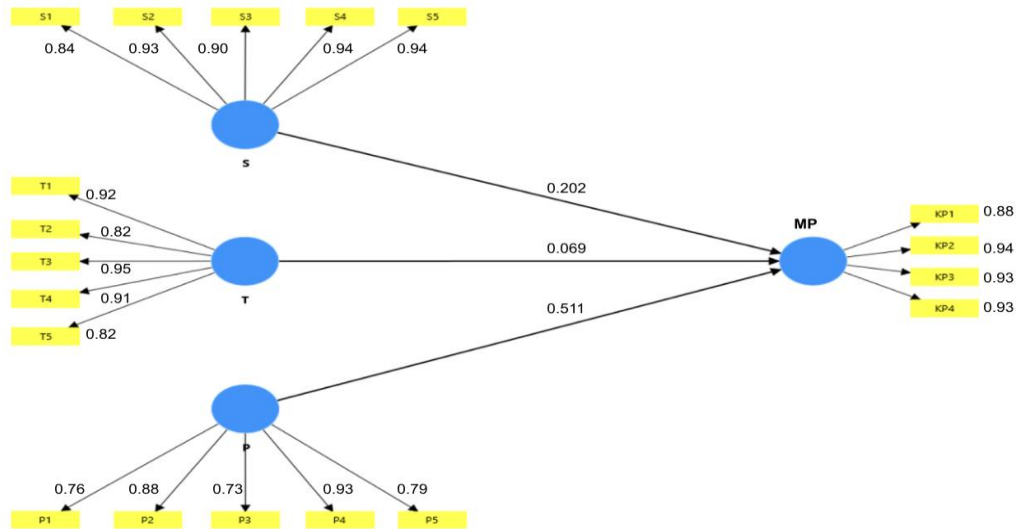


Figure 1.
Structural Model Results
Source: SmartPLS Output, processed by author

Table 3
Structural Model Results
(Standardized Path Coefficients, Bootstrapping 5,000 Resamples)

Path	Coefficient (β)	t-Statistic	p-Value	Bootstrap 95% CI	Significance
Segmenting → Marketing Performance	0.202	0.948	0.343	-0.43 ; 0.61	Not Significant
Targeting → Marketing Performance	0.069	0.229	0.819	-0.76 ; 0.79	Not Significant
Positioning → Marketing Performance	0.511	2.261	0.025	0.02 ; 1.13	Significant

Source: SmartPLS Bootstrapping Results (5,000 resamples)

Table 4
Measurement Model Results
(Outer Loadings, AVE, CR, Reliability)

Construct	Indicators	Loading	CR	AVE	Cronbach's α
Segmenting	S1	0.84	0.96	0.83	0.95
	S2	0.93			
	S3	0.90			
	S4	0.94			
	S5	0.94			
Construct	Indicators	Loading	CR	AVE	Cronbach's α
Targeting	T1	0.92	0.95	0.78	0.93
	T2	0.82			
	T3	0.95			
	T4	0.91			
	T5	0.82			
Positioning	P1	0.76	0.91	0.68	0.88
	P2	0.88			
	P3	0.73			
	P4	0.93			

	P5	0.79			
Marketing Performance	KP1	0.88	0.96	0.85	0.94
	KP2	0.94			
	KP3	0.93			
	KP4	0.93			

Source: SmartPLS Output, processed by author

Discussion

The results indicate that Positioning has a statistically significant and strong influence on marketing performance ($\beta = 0.511$; $p = 0.025$). This supports prior research highlighting the importance of brand differentiation and storytelling in enhancing SME competitiveness, particularly in craft-based industries (Aisyah & Evanita, 2024; Gustiawan & Sudarmiatin, 2025).

By contrast, segmenting and targeting did not show a significant impact on marketing performance. This finding can be partially explained by the qualitative FGD results, which revealed that only 7 of the 15 participants explicitly understood the STP concept, while many were unfamiliar with structured market segmentation or prioritization techniques. Nevertheless, several respondents demonstrated an intuitive understanding of these practices, such as distinguishing between tourists and local buyers or applying different pricing tiers, even though they did not formally implement segmentation strategies.

These findings are consistent with Az-Zahra and Syam (2025), who reported that many SMEs operate without formal STP knowledge yet still benefit from informal targeting practices. However, in the absence of a clearly communicated positioning narrative, particularly one that highlights the heritage value of the product, SMEs face difficulties in building strong brand loyalty (Baviskar et al., 2024; Aisyah & Evanita, 2024).

In the context of Cepogo Village, where copper handicrafts are deeply embedded in local culture, positioning emerges as the most critical component of the STP strategy. Branding efforts that emphasize historical significance, sustainability, and visual uniqueness can effectively differentiate these products in competitive markets, particularly when supported by digital marketing channels (Deb & Shoeb, 2024; Zhang & Li, 2025).

Insight

While training programs often focus on general marketing, this research shows that building strong, heritage-based brand positioning should be prioritized for SMEs in cultural and rural industries. Meanwhile, further education and assistance are needed to help SMEs better segment their markets and select optimal target audiences.

CONCLUSION

This study investigated the effect of Segmenting, Targeting, and Positioning (STP) strategies on the marketing performance of IKM Logam Tembaga in Cepogo Village, Boyolali using a mixed methods approach. The qualitative findings from Focus Group Discussions (FGDs) revealed that while most SME owners intuitively apply aspects of STP in their operations, only a minority (7 out of 15 participants) demonstrated a clear and structured understanding of the framework.

Quantitatively, the Structural Equation Modeling (SEM) results using SmartPLS showed that Positioning significantly influences marketing performance, while Segmenting and Targeting do not show a statistically significant impact. The R^2 value of 0.501 suggests that STP variables collectively explain around 50.1% of the variation in marketing performance.

These results indicate that in craft-based and heritage-driven industries such as copper handicrafts, effective positioning that emphasizes cultural value, design uniqueness, and sustainability is critical for enhancing business outcomes. However, the limited impact of segmenting and targeting highlights a gap in SMEs' strategic marketing capabilities, particularly in market analysis and customer profiling.

Implications

Theoretical Implications

This study contributes to the literature by validating the STP framework within the context of rural, heritage-based SMEs in Indonesia, where strategic branding outperforms conventional segmentation. It aligns with recent studies (Aisyah & Evanita, 2024; Zhang & Li, 2025) emphasizing brand heritage and narrative value as a competitive edge.

Practical Implications

1. For SME Owners:

Priority should be placed on refining Positioning strategies by clearly communicating the cultural and historical identity of their copper products. SMEs should also begin integrating customer segmentation analysis to improve product-market fit.

2. For Local Government and Industry Support Bodies:

Capacity-building programs must shift from generic entrepreneurship training to targeted marketing strategy development, particularly in STP education. Partnerships with design schools or branding consultants can help elevate the Positioning of heritage products.

3. For Digital Marketers and Designers:

The results confirm that visual appeal and narrative-driven content are key for rural crafts in online spaces. Leveraging social media storytelling, website design, and heritage themes can drive higher consumer engagement and loyalty.

Policy Implications

Government interventions that promote creative economy clusters in rural areas should include support for brand-building initiatives. This includes access to digital branding tools, mentorship in positioning strategy, and international exposure for cultural industries like IKM Logam Tembaga.

Limitations and Future Research

This study was limited by its sample size (41 quantitative respondents) and localized scope in Cepogo Village. Future research can adopt a multi-village or cross-regional comparison to validate the STP–performance relationship more broadly. Additionally, longitudinal studies could track how improved understanding of STP evolves through training and its long-term effect on performance.

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