STP: Segmentation

Let's start with Market segmentation. In SaaS, this involves dividing the broad user base into **distinct groups with common needs or characteristics,** so that marketing can be tailored appropriately. Unlike in some industries where segments might remain fairly static, SaaS companies often find their segments **evolving as the product and market matures**. Early on, a SaaS startup might discover a particular niche that resonates strongly with its solution. For instance, a project management tool might find that tech startups with under 50 employees adopt it quickly. That niche becomes an initial target segment.

As the company grows, it may uncover new segments - perhaps larger enterprises start showing interest. SaaS firms are typically data-rich, so they continuously analyze usage patterns, customer feedback, and market inquiries to identify these segments.

When a new customer segment is identified as attractive, SaaS companies can often adapt their offering or messaging quickly to pursue it. Let's take a look at a great example of dynamic segmentation in company **Slack**.

Slack's initial segmentation was very focused on small tech teams – it was adopted by startups and developer groups who craved a better internal communication tool. Slack targeted these users by positioning itself as a friendly, modern chat tool that integrates with the developer workflow. However, as the user base grew, larger organizations became interested. Slack then had to adjust its targeting: they began segmenting by company size and industry. On their website, Slack now explicitly speaks to multiple use cases. They have solutions pages for different **departments and industries** such as Engineering, Sales, Education or Finance.

In fact, "strategic segmentation based on customer behavior, needs, and product interaction" is key to SaaS growth.