7.2 Segmentation and positioning

Name: _____ Class: _____ Date: _____ **Total: 13 marks**

KEY WORDS market segmentation • positioning

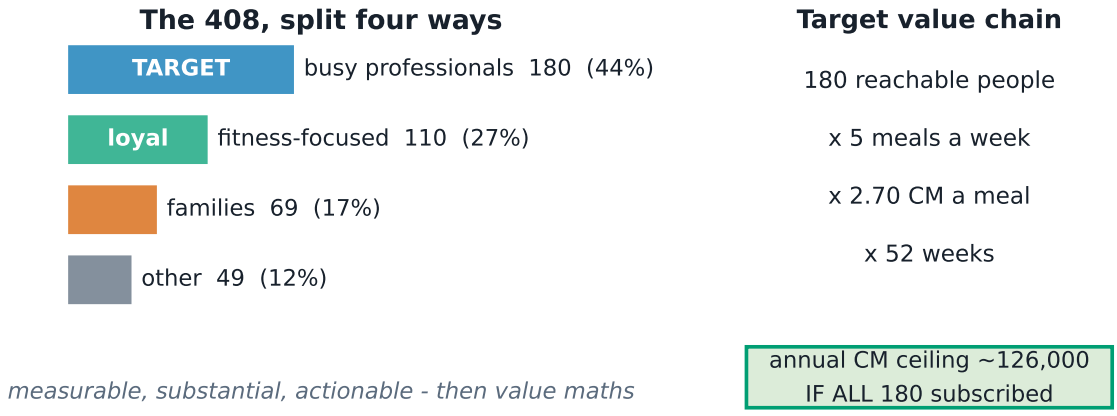
Objective

Apply the segmentation criteria; compute segment value with conversion, retention and margin; choose a defensible position against the map.

1 Key knowledge and worked examples

■ The sieve and the race

Measurable, substantial, actionable – then value = size × conversion × retention × margin. Positioning owns a difference the firm can deliver and the rival cannot copy quickly.



Measurable, substantial, actionable - then the value maths

■ Worked example. The professionals

180/408 = 44.1%; the launch targets 180 reachable; the ceiling IF ALL subscribed = 180 × 5 × 2.70 × 52 ≈ £126,000 ✓. Position: convenience, not health – "Tuesday evenings, solved".

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2 Practice

A meal-prep rival surveys 500 respondents: students 205 (41%), shift workers 155 (31%), retirees 90 (18%), other 50 (10%). Students convert at 9% and retain 40% monthly; shift workers convert 15% and retain 62%. Weekly spend CM is £12 per subscriber for both.

2.1 Which segments pass the three criteria, and which is the better target despite being smaller? Show the working. [4]

2.2 Compute the annual contribution ceiling for 300 reachable shift workers at their conversion and retention (first year, monthly retention applied as an average of 5.4 active months). [3]

2.3 The rival brand owns "cheap". In two lines: what position does the data support for the challenger, and why is it defensible? [3]

2.4 True or false with one line each: (a) a segment must be demographic to be measurable; (b) "quality" is a strong position; (c) retention belongs in segment value as much as size. [3]

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Solutions

2.1

- Students: substantial (41%) but fails actionable (no payment channel, churn 60%).
- Shift workers: measurable (countable via employers/unions), substantial (31%), actionable (workplace drops).
- Smaller but converts 15% vs 9% and retains 62% vs 40%.
- Value comparison: shift workers win on conversion × retention by 2.6×.

2.2

- Active subscribers $= 300 \times 0.15 = 45$.
- Months per retained subscriber ≈ 5.4 (the given average).
- Ceiling $= 45 \times 5.4 \times 12 \times 12$ months-adjusted $= 45 \times 5.4 \times 12 =$ £2,916.

2.3

- Data supports "always warm at shift change" – convenience at the workplace, priced for it.
- Defensible: the rival's cheap position is built on shelf economics; workplace delivery needs systems, not just price.
- A specific moment beats a generic claim.

2.4

- (a) False – behavioural or geographic counts are measurable.
- (b) False – everyone claims quality; undifferentiated.
- (c) True – retention multiplies just like size.

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