Market Analysis Worksheet

Starting a New Venture, MGT 388; New Venture Development, MGT 482-582

Market analysis strives to determine the attractiveness of a market, currently and in the future. Organizations evaluate future attractiveness of a market by understanding evolving opportunities, and threats as they relate to that organization's own strengths and weaknesses.

Instructions

Working in teams (or individually if you're working online), make a copy of this document (click on "file," "make a copy," name it after your venture team or your own name). OR **click on "file," then "download as"** so that you can work on your own separate document. Try to answer these questions as they relate to your value proposition.

Team Members Present (List names of who's working on this today)

1. Market Opportunity

How does your VP fulfill a need(s) of a preferably increasing market better than the competition? What are your features of differentiation? Pro tip: Draw from your value proposition canvases from last week.

2. What is the potential market size for your value proposition?

Use bottom up ***and*** top down for your initial target market; if you can determine market volume, all the better. Market volume means the market price for your VP and amount you can sell.

3. What are the market trends for your VP?

Consider:

- Customer analysis
- Choice modelling
- Competitor analysis
- Risk analysis
- Product research
- Advertising the research
- Marketing mix modeling
- Simulated Test Marketing

Pro tip: Extrapolate from your customer personas

4. What is the market growth rate for your VP?

Pro tip: study market trends and sales growth in complementary products. Such drivers serve as leading indicators that are more accurate than simply extrapolating historical data. If you don't know it, approximate it with assumptions that seem reasonable and/or use analogs.
Double-Pro Tip: aspirational growth rates for portfolio companies in Y Combinator are around the 5-7% per week rate. So a base of customers of 100 at the beginning of the week would become 107 customers (7% growth YAY!). The magic of this growth rate is in compounding. Over the course of 26 weeks (yes, that's half a year) the growth from 100 would yield 580 total customers [100*(1+0.07)^26 = 580.]. And at the same growth rate for an additional 26 weeks (i.e., change the exponent from 26 to 52), the new total number of customers would be **3,372**. (Here's a google sheet to explore). That's an overall percent growth rate of [(3372 - 100)/100] = 3,272 %!

5. What are the key success factors (KSFs) that you will need to achieve your team's marketing objectives?

The key success factors are those elements that are necessary in order for the firm to achieve its marketing objectives. A few examples of such factors include:

- Access to essential unique resources
- Ability to achieve economies of scale
- Access to distribution channels
- Technological progress