Understanding the Market and Market Analysis

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Motivation

TTOs and Inventors should have some idea of markets..
OUTLINE

1. Knowing the customer and market

2. Knowing the Competition and Entry Barriers

3. Business Model Development
The Product

Is Your Idea a Solution to a Problem or a solution looking for a problem?
Knowing your Customer

Customer

vs

Consumer?
Consumer Behaviour

"The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."

- excerpts from Dr Lars Perner University of Southern California)
Consumer Behavior

External Factors
- Social
- Culture
- Family
- Business
- Economic

Internal Factors
- Personality
- Needs
- Motives
- Attitude
- Perception
- Learning

Decision
Why Study Consumer Behavior?

• **Marketing strategy**
  Towards better marketing campaigns

• **Public policy**
  Recycling, phones and driving, smoking, alcohol consumption, certain medications, pollution, etc.

• **Social media marketing**
  Getting ideas across to people through social media

• **A better consumer**
  Educating the consumer
Knowing Your Market

The market analysis is attempting to answer the questions:

- To whom? (Who is the target market)

- How many? (Size of market)

- At what price? ($ Value of the market)

*These are simple questions, with often complex answers and a high level of uncertainty.*

Adapted from C Moody Isis Enterprise 2009
Market Pull and Technology Push

(Market pull - technical solution for an existing problem)

3nethra – An intelligent pre-screening Ophthalmology device
http://forushealth.com/forus/products
Market Pull and Technology Push

Technology push? (new or changed market)

Competition Unknown!
Product Type and Market Size

Custom products (special electronic equipment, jewelry) - mostly contract jobs

Small volume  500 – 5000? Depends on industry

Large volume products  50,000 – 50,000,000?
Market Segments

• Demographics

• Geographics

• Behavioral
Market Demographics

Demographic Profile: Amazon Prime Members

Gender:
- Female, 50%
- Male, 50%

Age:
- 18-34, 37%
- 35-54, 35%
- 55+, 28%

Income:
- Less than $50K, 39%
- $50K to $99,999, 40%
- $100K+, 21%

Source: Prosper Insights & Analytics™

Forbes, 2013
Market Demographics

Demographic Segments

• Institutional or individual users
• Age group - Gen Y, Gen X, Baby Boomers and Seniors, males or females or both)
• Tech savvy?
• Geographic location – village, small town, city, country.
• Value of your product to money, space and time.
Geographical Distribution of Market

Behavioral Segments (Psychographics)

Personality

Values

Attitudes

Lifestyles

Interests
Market Penetration

What percentage of market do you plan to capture?

What is the entry barrier?

How will you prevent competition from getting into your space?
Market Penetration

- Total Market Size
- Serviceable Market Size
- Target Market
- Market Share

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The First Customer

First customer / First adopter?

Route (access) to the first customer?

Competition and Entry Barriers
Entry Barrier

Competition

You
Knowing your Competition
Business Model

New idea or technology → Business Model → Economic Benefit
Why New Products Fail

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate Market Analysis</td>
<td>32%</td>
</tr>
<tr>
<td>Bad Product</td>
<td>23%</td>
</tr>
<tr>
<td>Higher Costs than Anticipated</td>
<td>14%</td>
</tr>
<tr>
<td>Weak Marketing Program</td>
<td>13%</td>
</tr>
<tr>
<td>Poor Timing</td>
<td>10%</td>
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<tr>
<td>Competition</td>
<td>8%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
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http://www.bioplanassociates.com/services/newproduct.htm
Summary: The Market

Your Idea (solution to a problem) → Your Product?

Why does the market need this? (Market pull (technical solution) or Technology push? (new or changed market))

Who will buy it (customer profile – age group, profession, field of application, decision levels, geographical distribution…?)

How many people/organizations will buy it? (Market size?)
Exercise