DUKE
THE FUQUA
SCHOOL
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THE
DUKE MBA
CONSULTING CLUB

Case #1

Company: N/A

Topic: Market Estimation

Industry: Misc/Small Business

About the Case

This is a market estimation case. The case is based off estimations and the candidate's ability to work with those estimations. While there are no right/wrong answers in market estimation cases, the interviewer usually has a range of 'correctness', if you will. Your answer should fall within interviewer's estimate to the extent that your assumptions are realistic.

Defining the Problem

How many piano tuners are there in Chicago?

Prompt: Solution approach – *Ask the candidate to walk you through his thought process – top-down, bottom-up. Once his /her structure is in place, ask him/her to compute the calculation. Various methods may be used to estimate the answer; one approach is outlined below.*

Suggested Answer

- Assume 3 million households in the Chicago area
- Make an estimate of how many people have pianos. Break the income of the households into four quarters (750,000 each).
    - 20% of highest income quartile has pianos
    - 10% of second quarter
    - 5% of third
    - 0% of fourth

- Estimate how often these pianos are tuned:
  - Highest income quarter tunes pianos once a year
  - Second quarter once every five years
  - Third quarter once every 10 years
  - Fourth quarter doesn't tune at all

- Estimate a piano tuner can tune five pianos a day, 250 days a year, therefore 112,500/250 = 450 pianos a day to tune 450/5 = 90 pianos tuners needed.

- Sanity Check: The yellow pages would be a credible source to check the actual number of piano turners in Chicago. Also it is fair to add another 50% to that figure assuming that some piano turners might rely on word-of-mouth advertising. By the way there are 51 piano tuners listed in the Chicago Yellow Pages.

Author's Commentary/Notes

Market estimation cases have no right or wrong answer, rather the interviewer is looking for a logical approach and structure to the candidate's problem-solving skills. Always clarify the assumptions that you make. The above solution is just one of many ways to answer this question.