Required Assignment 6.4:

Estimate the Market Potential for the Following Products: Diapers, Ice cream

**Diapers:**

During the 1990s, an average of 4 million babies are born annually in a country. The average child goes through 7,800 diapers in the first 130 weeks of life (2.5 years) until toilet training or 60 per week (Deveny, 1990).

(a) What is the annual market potential for disposable diapers?

(b) What other qualitative issues need consideration here?

**Solution:**

1. Total potential customers/babies:  
   = 4M (0 – 12 month olds) + 4M (12 – 24 month olds) + 2M (24 – 30 month olds)

= 10 Million

Annual Requirement per customer/baby = 60 diapers per week \*52 weeks = 3120

Market Potential = 10 M \* 3120 = **31.2 Billion Diapers**

1. Qualitative issues to be considered here to penetrate the market:

* What are product features needed by the mothers?
  + Some moms are likely to need fancier designs.
  + Some would highly absorbent materials. Usage of silica gel diapers can help this segment.
  + Some might need long duration diapers so that babies have a comfortable sound sleep.
  + Diapers cause rashes and some mothers might prefer clothing.
  + Diapers are not considered environmentally friendly, and some mothers might object to using them.
* Different segments of mothers might require diapers in a different price range. Different categories like basic, premium, etc. might be needed to target different segments.
* Frequency of usage might vary between tier -1, tier -2 and tier -3 cities.
* Babies of different ages would need diapers of different sizes such as XS, S, M, L, XL and so on. Inventory would need to be managed accordingly.

**Ice cream:**

In 1999, the population of a country was 273,401,000. Of these, 16 million suffered from diabetes (and hence could not consume regular ice cream) and 30 million were lactose intolerant (and hence could not eat ice-cream). On average, consumption per person is 46.6 pints per year. The average price per pint in 1999 was $3.19.

What is the market potential in (a) units and (b) dollars? ($ is used as a general unit of currency)

**Solution:**

Total population of the country = 273,401,000

Diabetes population = 16,000,000

Lactose intolerant population = 30,000,000

1. Population that can consumer ice cream = 273,401,000 – 16,000,000 – 30,000,000

= 227,401,000

Market Potential ( in units) = 227,401,000 \* 46.6 per year

= 10,596,886,600 pints per year

1. Market potential (in dollars) = Market potential in units \* Average price per pint

= 10,596,886,600 \* $ 3.19

= $ 33,804,068,254

= $ 33.8 Billion Annually

 