

## Evaluating Market Demand

Demand is the foundation of every successful business. Without sufficient market need, even the most brilliant innovation will fail. This worksheet guides you through systematic demand assessment, helping you evaluate problem significance, market size, customer willingness to pay, and supporting trends. Complete this honestly and rigorously—optimism about demand is the most common cause of entrepreneurial failure.

### What This Worksheet Covers

This assessment has six parts: (1) defining the specific problem you're solving; (2) understanding current solutions; (3) sizing the market opportunity; (4) evaluating willingness to pay; (5) analyzing market trends; and (6) documenting research evidence. Together, these sections reveal whether demand is strong enough to support a viable business.

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#### How to Use This Worksheet

Answer every question based on actual research, not assumptions. If you don't know an answer, note what research would provide it. Use conservative estimates for market sizing—overestimating demand is far more common than underestimating. The confidence assessment at the end helps you identify where more research is needed.

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#### Why This Matters

Strong demand cannot compensate for poor execution, but excellent execution cannot overcome weak demand. Understanding demand thoroughly prevents you from building something nobody wants. The most successful entrepreneurs are often those who identified strong demand before developing their solution.

### What You Will Gain

#### CLARITY

Understand exactly who needs your solution and why

#### VALIDATION

Confirm demand exists before major investment

#### FOCUS

Identify which market segments offer best opportunities

■ **Time Required:** 45-60 minutes

■ **Best Approach:** Complete after initial market research

## Problem Definition

Describe the specific problem your solution addresses:

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Who experiences this problem? (Be specific):

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How frequently do target customers experience this problem?

- ☐ Multiple times daily    ☐ Daily    ☐ Weekly  
☐ Monthly    ☐ Quarterly    ☐ Rarely

How severe is the problem when it occurs?

- ☐ Critical (requires immediate solution)  
☐ Important (significant pain/cost)  
☐ Moderate (noticeable inconvenience)  
☐ Minor (slight annoyance)

## Current Solutions

How do people currently solve or cope with this problem?

1. 

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2. 

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3. 

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Why are current solutions inadequate? What do customers complain about?

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## Market Sizing

**Total Addressable Market (TAM):** \_\_\_\_\_

Show calculation: \_\_\_\_\_

**Serviceable Addressable Market (SAM):** \_\_\_\_\_

Show calculation: \_\_\_\_\_

**Serviceable Obtainable Market (SOM):** \_\_\_\_\_

Show calculation: \_\_\_\_\_

## Willingness to Pay

**What do customers currently pay for solutions in this category?**

Free: \_\_\_\_\_ Low: \$ \_\_\_\_\_ Mid: \$ \_\_\_\_\_ Premium: \$ \_\_\_\_\_

**What price range would your target customers consider reasonable?**

Too cheap (quality concerns): \$ \_\_\_\_\_

Bargain: \$ \_\_\_\_\_

Acceptable: \$ \_\_\_\_\_

Getting expensive: \$ \_\_\_\_\_

Too expensive: \$ \_\_\_\_\_

**Monthly budget customers allocate to this category:** \$ \_\_\_\_\_

## Market Trends

**Is this market growing, stable, or declining?** \_\_\_\_\_

**What evidence supports this assessment?**

\_\_\_\_\_

**What trends support demand growth?**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

**What trends might reduce demand?**

1. \_\_\_\_\_

2. \_\_\_\_\_

## Research Evidence & Confidence

### Evidence Gathered

- ☐ Customer interviews (\_\_\_\_\_ conducted)
- ☐ Surveys (\_\_\_\_\_ responses)
- ☐ Secondary research sources: \_\_\_\_\_
- ☐ Competitor analysis (\_\_\_\_\_ competitors examined)
- ☐ Search trend data (tool used): \_\_\_\_\_
- ☐ Social media monitoring (platforms): \_\_\_\_\_
- ☐ Other: \_\_\_\_\_

### ■ Confidence Assessment

**Demand Strength Score (1-10, where 1=very weak, 10=very strong):**

/ 10

**What are your three biggest demand-related concerns?**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**What additional research would increase your confidence?**

\_\_\_\_\_  
\_\_\_\_\_

### ✓ Next Steps

If your demand strength score is 7 or higher with solid evidence, proceed to Worksheet 4.2 (Innovation Assessment). If your score is below 7 or you have significant concerns, conduct additional research before proceeding. Strong demand is the foundation—don't skip this validation.