

## Summary

### Identifying Target Segment & Market Sizing

As an entrepreneur, once you have identified your idea, it is important to identify your target segment. Once your target segment is identified, you would need to size the market to understand how big the market is, that you are going to target.

#### Understanding your Target Segment

Understanding the target segment is important for succeeding. One of the key things entrepreneurs should keep in mind, as they start up, is to stay focused. It is best to choose a smaller segment of customers within the overall market and serve that one segment really well. Before you start your venture, defining the one customer that your venture is going to serve is very important. Your understanding of that one customer will help you plan your product and marketing correctly. While considering the target customer for your own venture, below are the things to consider:

- Market segmentation is a marketing strategy which involves dividing a broad target market. Market segmentation can be based on:
  - Geographic factors (region, city, rural)
  - Demographic factors (age, family size, gender, income, occupation, education)
  - Behavioural factors (benefits, attitude)
- Is there a target segment where you can offer the customer clear and fascinating benefits at a price they are willing to pay?
- Are these benefits, in the customer's minds, different from and superior in some way to what is currently being offered by other solutions?
- How large is this segment and how fast is it growing?
- Is it likely that your entry into this segment will provide you with the platform to enter other segments you may wish to target in the future?

#### Sizing the Market

Once you have understood how to identify your target market. You need to understand how large is the market that you targeting? There are two broad approaches to size your market:

1. Top-down approach: Here you understand and calculate basis the broad market, number of people, who consumes, how much etc, to arrive at the total market sales
2. Bottom-up approach: Here you understand and calculate basis the sales of a single entity or a business that is a part of the market, to arrive at the total market sales

While estimating the size of your market, you must make sure the data points come from valid, vetted or credible reports.

## You should be able to:

- Identify and assess your target segment
- Assess the attractiveness of your market by sizing the market using top-down or bottom-up approach