Market and Demand Analysis

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Agenda of discussion

- Need for Market and Demand Analysis
- Source of information and Market survey
- Understanding demand and forecasting
- Methods and uncertainties in demand forecasting
- Preparing plan for release of product in the market

Need for Demand forecasting

- Emerging competition in the market due to consumer demand
- Market and demand analysis is a need to keep in the race and future expansions
- Demand forecasting is a risky task, because forecasting is done depending on current demand
- All capital investment requires demand forecasting
- In depth study and analysis of - pattern of consumption growth, income and price elasticity of demand, composition of market, nature of competition, availability of substitutes, reach of distribution channels........

Key Steps in Market and Demand Analysis

PROJECT

Analysis

Secondary Information

Market Survey

Market Characterization

Demand Forecasting

Market Planning

1. Analysis
Analysis and Objectives

2. Secondary Information
Collection of Secondary information

3. Market Survey
Conduct of Market Survey

4. Characterization of Market

5 Demand Forecasting

6 Market Planning
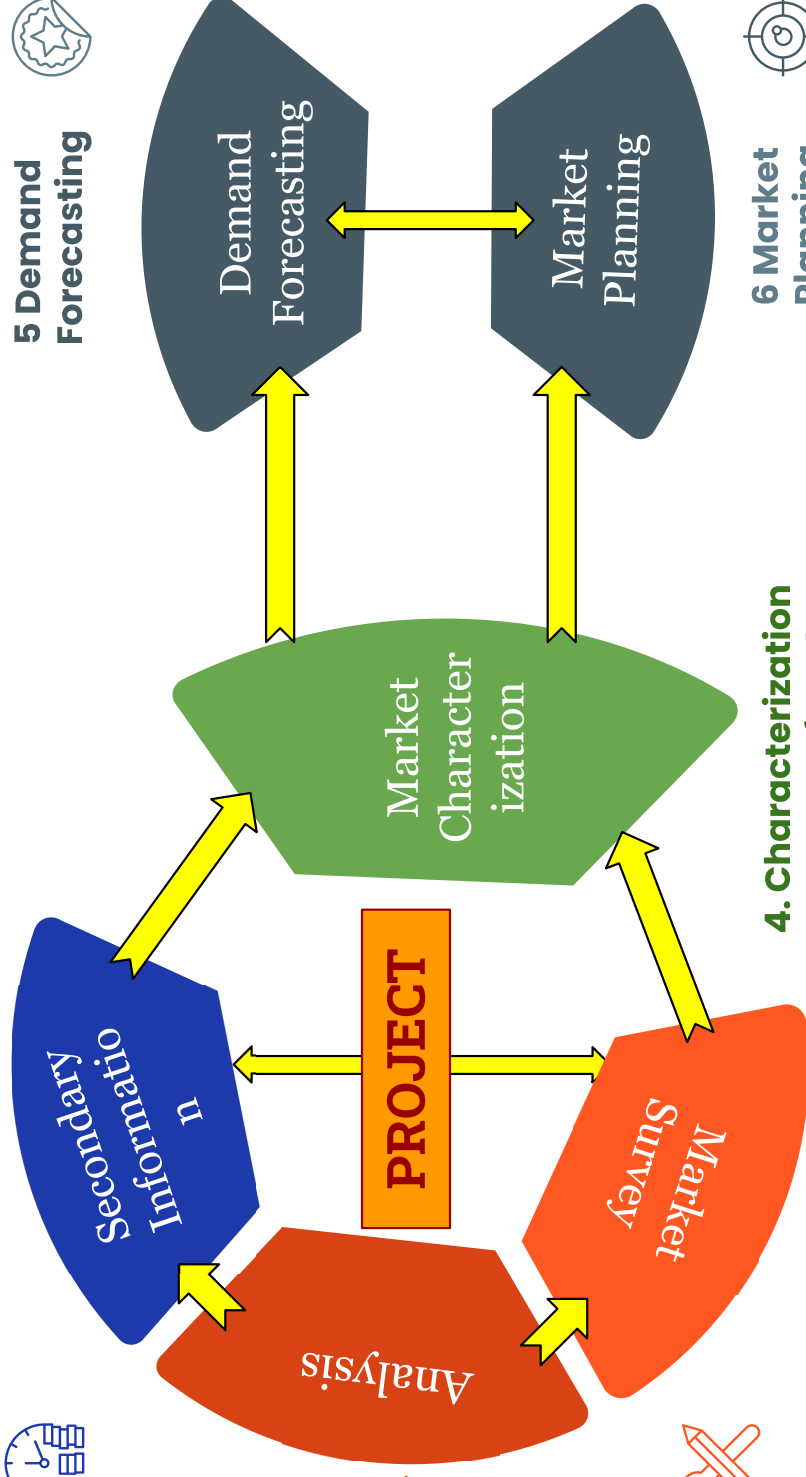
1. Situation Analysis- 5C Analysis

1. Company- Organization

- Goals and Objectives
- Market credibility
- Performance of the organization
- Product line

2. Competitors

- Competitor identification
- Assessment of competitor
- Future initiative of competitor

1. Situation Analysis- 5C Analysis

3. Customer

- Demographics study
- Market size and potential growth
- Customer behaviour
- Motivation to buy the product
- Income level of customer
- Customer reachability
- Quantity and frequency of purchase

1. Situation Analysis- 5C Analysis

4. Collaborators

- Agencies
- Suppliers and
- Distributors
- Partnership

5. Climate

- Political and regulatory environment
- Economic environment
- Technological
- Social and cultural

2. Collection of Secondary Information

- Primary information: Information that is collected first time for specific purpose
- Secondary information: Information that is collected in some other context and is already available.
- Secondary information is base for starting point of Market and Demand analysis
- Secondary information will be input for gathering primary information as it gives leads.

2. Collection of Secondary Information

General source of secondary information

- Census
- National sample survey reports
- Plan reports
- Statistical abstract
- Year book by govt
- Economic survey
- Industrial guidelines
- Annual survey of industries
- Commerce ministry reports
- Annual bulletin on Export and imports

- Techno economic survey
- The stock exchange reports
- Industrial production reports
- RBI bulletin
- Advertising agencies reports
- World bank report
- Consultancy firms reports
- Industry specific reports
- And many more such reports,
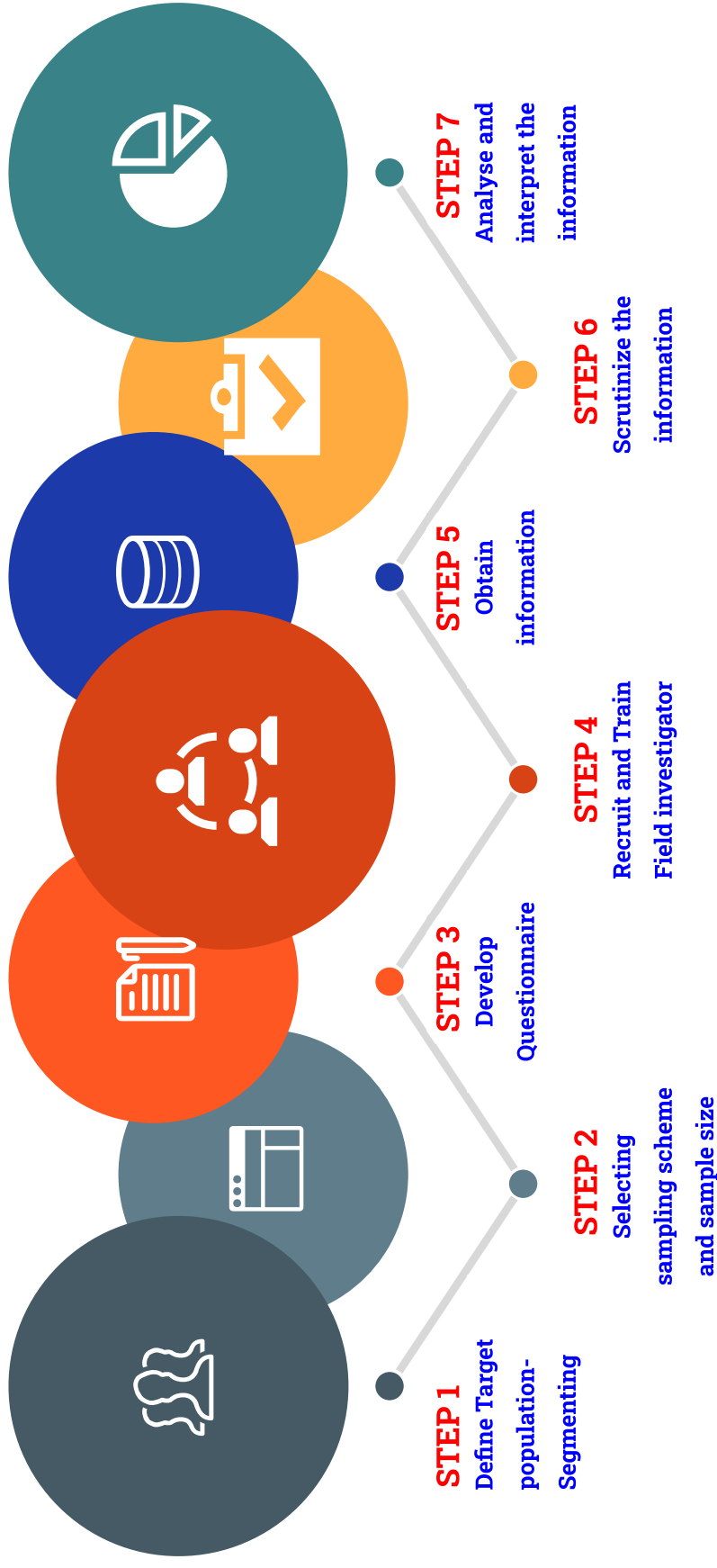- bulletin and white papers

3. Conduct of Market Survey

Information sought in market survey

- Total demand and rate of growth of demand
- Demand in different segment of the market
- Income and price elasticity of the demand
- Motives for buying
- Purchasing plans and intentions
- Satisfaction with existing products
- Unsatisfied needs
- Socio-economic characteristics of customer

3. Market Survey - steps

STEP 7
Analyse and interpret the information

STEP 6
Scrutinize the information

STEP 5
Obtain information

STEP 4
Recruit and Train Field investigator

STEP 3
Develop Questionnaire

STEP 2
Selecting sampling scheme and sample size

STEP 1
Define Target population- Segmenting

3. Conduct of Market Survey

Results of the market survey may be imperfect due to-

- Non- representativeness of the sampe
- Imprecision and inadequacies in the questionnaires
- Failure of the respondent to comprehend the questions
- Deliberate distortion in the answers by respondent
- Inept handling of interviews by the investigators
- Incorrect and inappropriate scrutiny of the data

Other issues

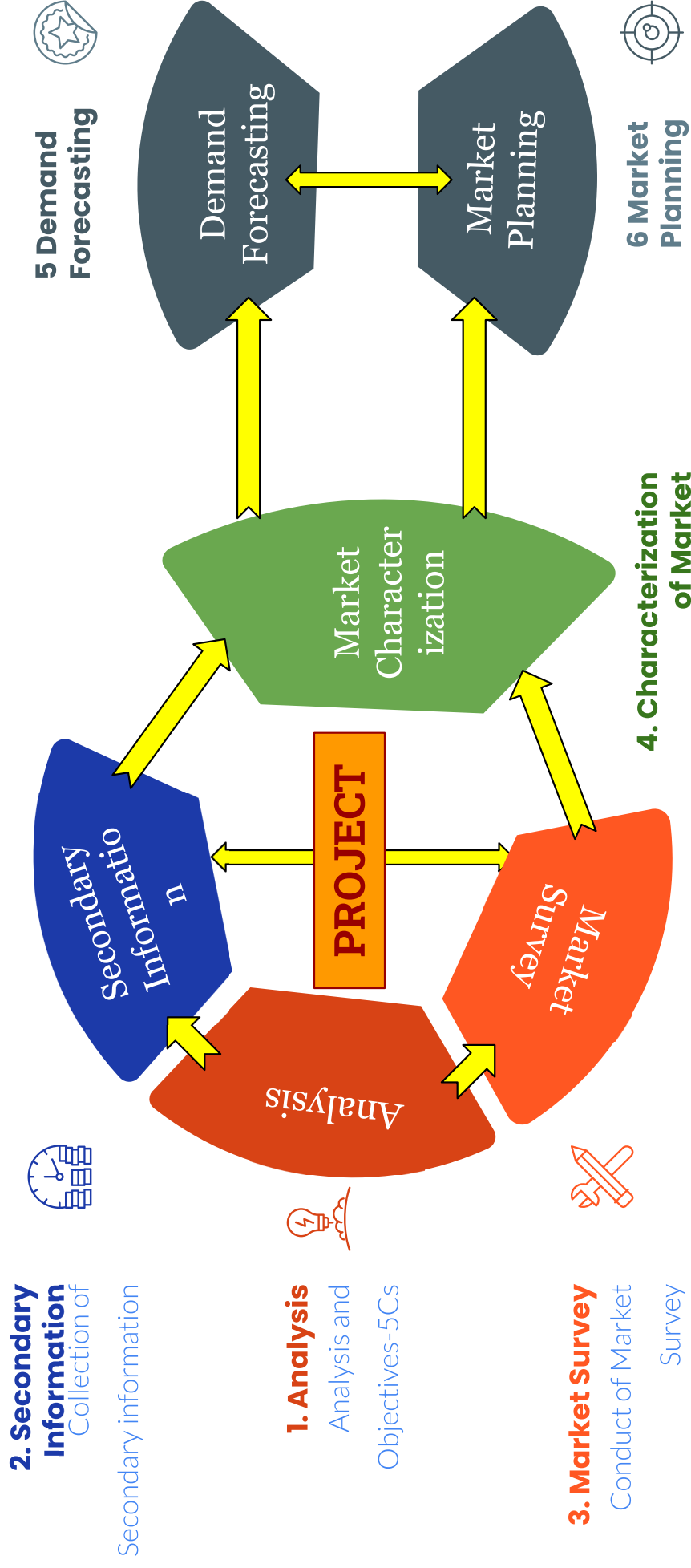- Heterogeneity of the country
- Multilingual

4. Characterization of the Market

Based on the information gathered from secondary sources, market of the product/service may be described in terms of:

- Effective demand in the past and present
- Breakdown of demand
- Price
- Method of distribution and sales promotion
- Consumers
- Supply and competition
- Govt policies

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5. Demand Forecasting- Methods

1. **Qualitative Methods** : These methods based on translation of qualitative info to quantitative estimates

- Jury of executive opinion method
- Delphi method

2. **Time series projection methods:** generate forecast based on analysis of historical time series data

- Trend projection method
- Exponential smoothing method
- Moving average method

5. Demand Forecasting- Methods

3. **Casual Methods** : More analytical than preceding methods. Forecasts on the basis of causal-effect relationships specified in an explicit, quantitative manner.

- Chain ratio method
- Consumption level method
- End use method
- Bass diffusion method
- Leading indicator method
- Econometric method

5. Demand Forecasting

Simple guidelines to improve forecasting

- Check assumptions
- Stress fundamentals
- Beware of history
- Watch out for euphoria
- Don't be dazzled by technology
- Stay flexible

5. Demand Forecasting

Uncertainties in demand forecasting

- Data about past and present market
- Method of forecasting
- Environmental changes
- Coping with uncertainties

6. Marketing plan

Components of marketing plan, in generic

● Current marketing situation

● Opportunities and issue analysis

● Objectives

● Marketing strategy

● Action Program