

Product tool

Market sizing

To guide our product strategy, to steer our new product development, to find growth for our products, we want to know about our market segments - their characteristics, their size, and how fast they are growing.

For this analysis, we typically start with our market segments (our needs-based segments), and describe them (needs, motivations, locations, key trends).

We then size them. How big are our market segments, and how fast are they growing? We usually start with this year and separate by geography (or country). We then look backward (last year) and forward (next year) and try to understand the how fast the markets are growing (or shrinking).

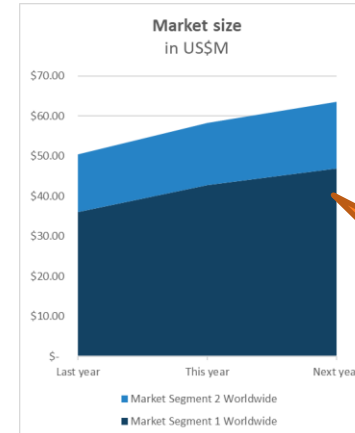
For some markets, we can buy market reports that give us these numbers. For other markets – especially smaller niche markets – these numbers are not available.

For small markets, we typically need to triangulate – using all our data points to create an estimate. We can look at our own sales numbers, estimate our own market share, gather any data from distributors or any other sources, and make an estimate.

Our estimates won't be accurate, but rough estimates are far better than no estimates. We can then refine these over time.

How big are our markets?

in US\$M		Last year	This year	Next year	CAGR
Market segment 1	Norway	\$ 14.00	\$ 17.00	\$ 19.00	16%
	Chile	\$ 8.00	\$ 10.00	\$ 11.00	17%
	Scotland	\$ 4.00	\$ 4.50	\$ 4.75	9%
	Canada	\$ 3.00	\$ 3.20	\$ 3.40	6%
	Australia/NZ	\$ 1.00	\$ 1.00	\$ 1.20	10%
	Others	\$ 6.00	\$ 7.00	\$ 7.50	12%
	Worldwide	\$ 36.00	\$ 42.70	\$ 46.85	14%
Market segment 2	Norway	\$ 6.00	\$ 7.00	\$ 7.50	12%
	Chile	\$ 3.00	\$ 3.00	\$ 3.00	0%
	Scotland	\$ 2.00	\$ 2.00	\$ 2.25	6%
	Canada	\$ 2.00	\$ 2.00	\$ 2.10	2%
	Australia/NZ	\$ 0.50	\$ 0.50	\$ 0.55	5%
	Others	\$ 1.00	\$ 1.00	\$ 1.30	14%
	Worldwide	\$ 14.50	\$ 15.50	\$ 16.70	7%



How fast are they growing?

Stacked area charts – divided by segment – work well

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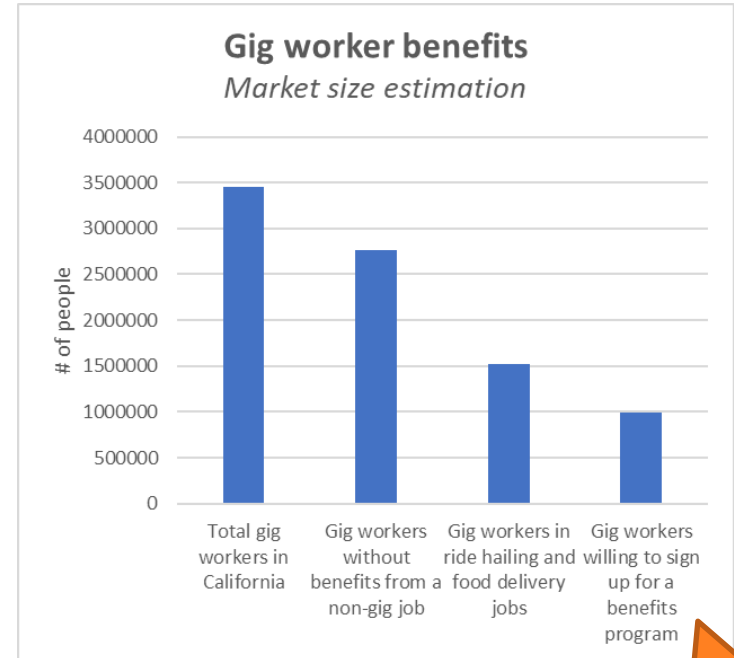
For markets that don't yet exist, we may need to take a different approach.

We can estimate new markets by moving from a total potential market to a more realistic market accessible to us. The example to the right is for an employee benefits product for gig workers (like Uber drivers).

This type of analysis won't yield accurate numbers, but they give us rough estimates that we can refine over time.

Looking at these numbers, we can decide...

- Is this market interesting to us?
- Is this market more interesting than other opportunities?



We can take this analysis further by converting it from people to dollars

989K gig workers
x \$200 service fees/year
= \$198M