

Startup: Happier Day

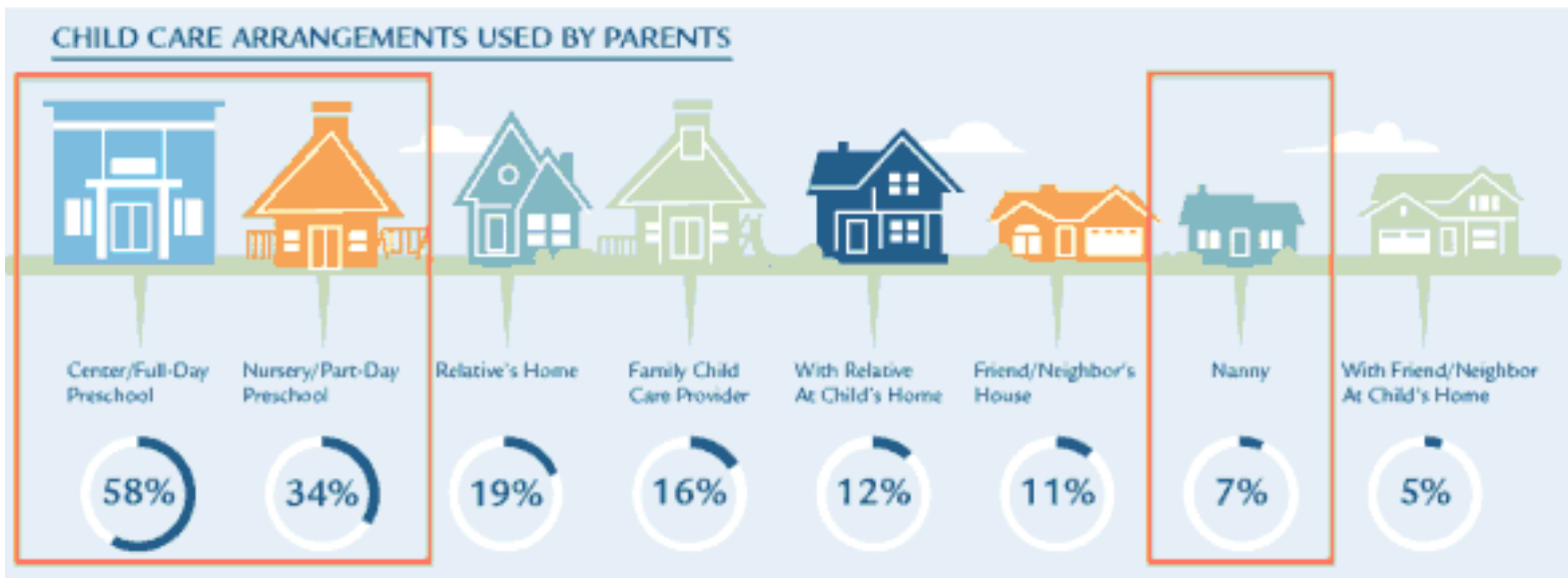
Market Segmentation, Beachhead Market and TAM

1. Description

Happier Day is a social network that connects daycare centers, children care agencies, nannies and parents of small children. Happier Day's mission is to enable better communication between these stakeholders to ensure the best, stress-free experience for parents and children.

2. Market Segmentation

We broke our market into the following segments.



We then honed in on the segments seen in the red boxes (Center/Full-Day Preschool, Nursery/Part-Day Preschool, Nannies) during our primary market research because we learned that we needed to target segments which compete based on quality and features, rather than price or convenience for parents. These segments are growing and have a need and pain-point to provide better communication with parents.

We then further segmented nannies as live-in v. live-out, and agency v. non-agency. Based on primary market research, we believe live-out, agency nannies have the largest need for our products. Live-out nannies have less communication with parents and a greater need for LiveWire. Wealthier parents use agencies to vet their nannies beforehand, and are much more likely to value features that the nanny provides.

We further segmented daycares as either enterprise affiliated or independent, and by (usually large) corporate or private. We chose private daycares because the decision-making unit is often the end user (the daycare worker or owner) and the sell cycle would be shorter. Based on research, we believe independent daycares to be preferable because they compete based on features rather than affiliation or convenience for the parents.

3. Beachhead Market

Our beachhead market is the small, independent, private daycares that differentiate and grow based on better features and quality of overall service than the competition. These daycare centers reach parents who prioritize quality of education. They often embrace technology to do this and charge mid-to-upper prices for their services. We call our beachhead market “aspirational daycares” because they hope to expand, leveraging better, more efficient educational centers that prioritize growth and learning for their students.

4. Total Addressable Market Size (TAM)

According to the Massachusetts Child Care Market price survey, there are 2,700 commercial childcare facilities in the state. Extrapolating from the ratio’s we discovered in our research sample, there are ~500 “aspirational” facilities in the state. Thus, across the country we estimate ~25,000 aspirational locations across the country which forms our beachhead market. From primary market research, aspirational daycares spend ~\$2 per child per month. Each daycare has approximately 30 kids on average. We estimate our beachhead TAM as $\$24 * 30 \text{ students} * 25,000 \text{ aspirational centers} = \18M .