



Get your Pulse on It

The manufacturer of a health-tech device is planning to launch the product in the US market. This is their very first product launch. Estimate their market size.

CASE TYPE
Market Entry

COMPANY NAME
Bain Capability Network

DIFFICULTY LEVEL
★ ★ ☆

Get your Pulse On it

Can a health-tech product be launched in the US market?

Case Type
Market Sizing Case

Company Name
Bain Capability Network

Round
Partner

Difficulty Level
☒ ☒ ☒ ☐ ☐

Problem Statement

The manufacturer of a health-tech device is planning to launch the product in the US market. This is their very first product launch. Estimate their market size.

I have some clarifying questions. Is there a particular region we are targeting in the US?

No, it will be a pan-USA launch.

A few more questions : What are our objectives with the launch of this product? Are there any distributors or third-party contractors? Please also tell me about the customer segments we are targeting.

The objective is to earn as much as profit as we could. Hence, its profit maximisation. There are no third parties at this stage. It's a premium product being sold at 200 USD.

Since, it's a premium product, I believe that our target customers are high income people in the US. I want to take a guess on the product. Is it a smartwatch? I assumed so as it's health-tech device and smartwatches can track your health metrics.

That's correct on both counts. Good guess.

Sir, I came up with a general formula to calculate the potential sales. I'll multiply the population with the percentage of people who can afford the device. Then, I'll multiply this number further with the percentage of people wanting to buy a health-tech device.

Please go ahead with your calculations.

First, the population of US is 30 crore. Right?

Yes.

I will now calculate the percentage of people who can afford the device. Let's divide the population into four groups : High Income, Middle Income, Low Income and BPL. I am assuming people belonging to each category is 25%, 25%, 20% and 30%. I believe only the upper categories of the population would be able to afford this watch. This brings down the total population.

Good. What next?

Now, I have to check those people who are Willing to Buy. Willingness to Buy would come from a person being a fitness enthusiast. I will deduce this using age brackets. Let me divide the population into three categories : 0-18, 18-40, and 40+. My hypothesis is that mainly the population in 18-40 would be our major market as these are the youth, and more interested in fitness, I will neglect 40+ category and categorise them as non-fitness enthusiasts.

Let me interrupt you for a second here. Why not 40+? Do you not believe older people are into fitness?

Sir, even if there are fitness enthusiasts in that category. I believe they would be averse to technology in general. They would not be a market since it's a health device.

So people above 40+ won't know how to operate and won't agree that this device would be helpful as they would be conventional. 40% of the total population lies in 18-40, and I will assume 60% of this population would be fitness enthusiast. Now, from this number, 80% would buy watch. Only 10% of non-fitness enthusiasts will buy it.

Why would non-fitness enthusiasts buy?

I think they will buy because of their enthusiasm for new technology or for aesthetic reasons. Hence, some will buy. Finally, after obtaining above mentioned numbers, I'll divide by lifespan and get the final answer.

All right, that was a good attempt.



HERE'S A TIP!

Ensure that you provide rational reasons for avoiding a particular line of thought. For instance, you can't leave a segment of the population without precisely explaining your key assumptions. One can experience follow-up questions if this has been done.

Get your Pulse On it

Can a health-tech product be launched in the US market?

CASE FLOW

CASE FACTS

- 1 There is a pan-USA launch of a health-tech device.
- 2 The objectives is to earn profit as much as possible.
- 3 There are no third parties. It's a premium product worth 200 USD.

