

How Big is My Sandbox?



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Assessing the Viability of Your Business and Product

Now that you've established your brand and product, it's time to understand the viability of your business. This involves evaluating the potential market size for your product and determining whether you can build a sustainable business around it. This will guide you through the process of assessing both the product category and consumer indication market sizes.



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Understanding Product Category Size

Identifying Your Product Category

Every product belongs to a category in the marketplace, which is how consumers shop and retailers organize products in stores.

Categories can include weight management, first aid, topical pain, etc. To identify your product category, visit a local store and locate products that you consider competitors.

If creating a new category, use associated category data as a proxy.

Measuring Category Size

Brick-and-Mortar

Brick-and-mortar retail accounts for over 70% of all sales in most categories.

To understand this market size, access IRI or Nielsen reports, which aggregate product sales scan data from retail locations.

Analyze the total market size and competitive landscape using these reports.

These reports are expensive, so consider partnering with entities that have access to this information.



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E-commerce

Amazon is a key resource for calculating the e-commerce market size, owning an estimated 47.9% of all e-commerce spending.

Use Amazon marketing tools like Jungle Scout or Helium 10 to pull competitor analysis reports based on category keywords.

These tools can also be used to pull revenue and estimated sales figures for each brand and product on Amazon.



Understanding Consumer Indication Market Size

Importance of Consumer Indication Market Size

Understanding the consumer indication market size helps identify potential customers who have not yet entered the category. For example, while 58% of U.S. households purchase olive oil, the full potential includes all households that cook at home.



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Determine Your Market Potential

Step 1: Assess Household Penetration

To understand the full potential of the category, it is essential to consider the total number of households that purchase from the category.

Step 2: Determine Market Potential

It is important to understand the market size of the indication that your product or brand addresses. This involves:

- Understanding your product and the human problem it solves. It's ultimately the reason a customer would seek out or use a particular product.
- Consulting with FDA and FTC legal counsel about product messaging to ensure compliance with regulations.



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Step 3: Utilize Research Tools

Once you've determined market potential, there are a variety of free, or subscription-based research tools that can be used to gather and evaluate data. These tools can also help you identify potential opportunities within the category.

- **IRI and Nielsen:** These provide in-depth research into consumer indications and purchasing behavior, but can be expensive.
- **Survey-Based Research Resources:** GfK, MRI-Simmons, and Mintel reports offer valuable data on consumer attitudes and habits. These reports can be purchased individually or through a subscription.
- **Search Engine Marketing Research Tools:** Tools like Google Trends and SEM Rush can help identify the number of online searches for keywords related to your product or indication, showing awareness and interest.
- **Amazon Tools:** These tools can show how often keywords are searched on Amazon, providing additional insights into consumer interest.



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Making an Educated Decision

By collecting data on both the category and consumer indication market sizes, you can make an informed decision about the market potential for your business. The more information you gather, the stronger your decision-making process will be. Seek partnerships that can provide access to valuable data to enhance your market analysis.

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