

The background of the cover is a grayscale image of a financial chart, likely a candlestick or bar chart, with various numerical values and lines. A large white rectangular box is centered on the page, containing the title and author information. The overall design is clean and professional, with a yellow border on the left and right sides.

THE STRATEGIC PURPOSE OF MARKET SIZING

PREPARED BY

INFINITI RESEARCH

WWW.INFINITIRESEARCH.COM

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ABOUT INFINITI

Infiniti Research is a leading provider of actionable market intelligence and advisory solutions that help global organizations in entering, competing, and capturing maximum market potential. Our experienced market researchers follow highly tailored and proven methodologies to support clients with succinct answers for business decisions in areas including Market Opportunity Assessment, Emerging Market Planning, Benchmarking, Value-Channel Analysis and Customer Segmentation.

With a team of 500 researchers spread across four continents, we can understand diversity in local behavior and business environment, overcome language complexities, proactively identify complex multi-level regulatory issues, and obtain high-quality information on private companies. By using Infiniti as your research partner, you can supplement and augment your internal resources on a flexible basis, increase the productivity of your team, and simultaneously cut costs.

Our researchers have extensive experience in deep dive custom research and consulting assignments for over 100 Fortune 500 companies and numerous small and medium-sized companies across several industry verticals.



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CHALLENGES AND NEED



Today, commercial organizations typically face high uncertainties when it comes to analyzing the current and future market demand for their products and services. Budgeting, production, marketing, sales, and other resource allocation needs usually drive the decision to estimate a target market's size and future growth, especially for new products and services. However, the principal challenge faced during the reliable and accurate estimation of market demand is "data availability". For many products, market transactions between public and private commercial entities are not publicly disclosed or gathered, except by some industry associations in certain countries. Also, emerging markets usually present special challenges since secondary data is unavailable for a wide variety of subjects than in developed markets. These markets are changing rapidly and are not yet mature. However, the situation varies tremendously in different countries and industries, with very good data available in some countries, but almost nothing in others.

Despite the challenges, market size estimates and forecasts are a critical component of companies' strategies and tactics. They can help answer the key questions most companies have about their future direction and strategies on how to achieve their goals.



As part of the process of estimating and forecasting a market, strategic planners usually try to answer questions about their competitive environment such as: “what the main growth drivers and inhibitors?” or “What are the segment characteristics and future direction?” or “What are the economic, political, social, technological, regulatory, demographic and purchasing key factors relevant to the market?”

This white paper from Infiniti Research aims to illuminate the various considerations involved in market sizing and forecasting.

The first step in any market sizing and forecasting task is to define exactly which product and markets are being estimated and formulate the problem in terms of “data availability”, before proceeding to check on what published information is available and what method to use for market size estimations. If the target market being considered is new to the company and unfamiliar, there are several important factors to consider:

- Industry value chain level
- Industry concentration level

The second step after assessing “data availability” is to determine the target market “sub-segments”. The complexity of estimating and forecasting a market can increase by several times, depending on the number of segments and number of segment layers involved. Different segments may warrant a completely different estimation approach, due to their inherent nature. Therefore, it is important to define what “industry” a target market falls into and to understand the underlying nature of that industry and its dynamics.

MARKET SIZING AND FORECASTING AS PART OF STRATEGIC PLANNING PROCESS

"KNOWING THE SIZE OF THE MARKET IS FUNDAMENTAL TO ANY STRATEGIC BUSINESS OR MARKETING PLAN."

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Recently, increased dynamism has been observed in many markets where there had previously been little change. The causes for this are varied, but usually relate to technology advances and the rapid rise of developing countries either introducing new competition or creating new markets - or both. These factors have led to increasing magnitude and frequency of changes and forecasting uncertainty.

Futurist tools are in greater use, such as scenarios, or dynamic forecast models tied to frequently updated forward macro-indicators.

In this context, although the role of market sizing and forecasts as a critical market intelligence input into the strategy formulation process has not changed, realizing the fact that forecasts cannot remain static for an extended period of time has led to a more frequent and continuous review of all relevant market intelligence.

A black and white photograph of a person's hands writing on a notepad. The person is wearing a dark long-sleeved shirt. The notepad is open, and the person is using a pen to write. The background is dark and out of focus.

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GOT ANY QUESTIONS?

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