Market Size
Market Size

• Quantifies the financial potential of your business
• Helps you refine Business Model Canvas hypotheses:
  • Very small market size may not be worth pursuing
  • May be difficult to gain traction in a gigantic market
• Two measurements:
  • Money (USD, $$\$$)
  • Units
    • People
    • Consumption (e.g. page views, kilowatt hours, room nights, etc)
Three Market Size Estimates

- **Total Addressable Market (TAM):** Value of all of the buyer/seller relationships participating in the market

- **Served Addressable Market (SAM):** The part of the TAM for which your business model’s value proposition is strongest

- **Target Market:** (Usually) demographic segment of the SAM with the most direct path to success
Total Addressable Market (TAM)

• Quantifies the entire chain of buyer/seller relationships in your market.
• Only need to estimate the value of the relationships at point of consumption (incorporates the value of all relationships in the chain)
• Usually very broad
• Easiest to estimate
• Examples:
  • Mobile apps
  • Energy consumption
  • Health & fitness
Served Addressable Market (SAM)

• A value proposition rarely applies to an entire TAM
• Opportunity to sharpen your focus on a particular part of the market
• SAM estimates guide investor expectations, important to articulate
• Examples:
  • Mobile healthcare apps for seniors
  • Self-generated renewable energy storage
  • Health & fitness at work
Target Market

- One more level of refinement
- Often a demographic target
- Examples:
  - Mobile healthcare apps for seniors target retirement homes
  - Self-generated renewable energy storage, targeting the oilfield services, food manufacturing and automotive industries
  - Health & fitness at work, targeting new male employees aged 25-40 in companies with annual sales of $500M or more.
“We’ll Capture 1% of Chinese Consumers...”
Research Tools

- Library Databases
- Facebook Ads
Market Size

Questions???