The Art of the Addressable Market

David Friedman
C-Level Partners
TechCoastAngels
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It is said that if you know your enemies and know yourself, you will not be imperiled in a hundred battles; if you do not know your enemies but do know yourself, you will win one and lose one; if you do not know your enemies nor yourself, you will be imperiled in every single battle.

*Sun Tzu- The Art of War*
6 Questions

- Is there a market?
- Can you make it?
  - IP
- Can you make money?
  - Business models
  - Routes to revenue
- Can you support it?
- Is the product/business extensible?
- Do you have a team that can execute?
Ways to Build a Great Business

- Find a customer (lead user) who has an unfilled need and make a product/service for them?
  - Expand by deduction to a target market
- Develop a product/service using a new process, technology, or other innovation and find the customers that would buy it
  - Expand by induction to derive the market and develop marketing and sales programs
Segmentation is Fundamental to Marketing

**Step One**
Market Segmentation

**Step Two**
Targeting (Select Target Markets)

**Step Three**
Develop Product Positioning

**Final Step**
Develop a suitable Marketing Mix
How Can We Segment?

- Consumer v. Business
  - Car driver v. Fleet Operator
- Geographic
  - Floridians v. Minnesotans
- SIC/NAICS
  - Food processing v. Semiconductor
- Type of Industry
  - NSA v. Joe’s Pizza
There are Many Ways to Slice the Pie

Fig. 1 Total market before segmentation, i.e., no segmentation.

Fig. 2 Same market is now segmented into three distinct groups of customers, i.e., partial segmentation.

Fig. 3 Completely segmented market i.e. Market of six different buyers after segmentation, i.e., full segmentation.
Who are You and Do I Know You?

- Geographic: "Customers within 10 miles of the M25"
  - Customer location
  - Region
  - Urban / Rural
  - ACORN classification

- Demographic: "A Level & University Students"
  - Age
  - Gender
  - Occupation
  - Socio-economic group

- Behavioural: "Customers wanting a value for money impulse buy"
  - Rate of usage
  - Benefits sought
  - Loyalty status
  - Readiness to purchase

- Psychographic: "Customers who prefer to buy fairtrade food"
  - Personality
  - Lifestyles
  - Attitudes
  - Class
“The Market”

- Potential Market Opportunity
- Segment Addressable Market
- Total Addressable Market
- Expected Share of Addressable Market
The Market for Universities and Students

Universities & Students

Obs: All interviewed students were willing to pay to get access to our platform.
For a new to the world product, the adoption S-curve further limits the market.
How to Find the Market, i.e. Customer

- Customers: Trade Magazines, Trade Shows, Databases
- Channel Partners
- Competitors
- Suppliers

- What other ways?
The Luxury Auto Market in Canada

Luxury Auto Market Share in Canada
March 2016

- Acura: 14.9%
- Audi: 19.8%
- BMW: 9.1%
- Cadillac: 6.0%
- Infiniti: 5.0%
- Jaguar-Land Rover: 8.3%
- Lexus: 3.6%
- Lincoln: 16.3%
- Mercedes-Benz **: 2.8%
- Other *: 1.4%
- Porsche: 3.0%
- Volvo: 9.7%

* = ANDC estimate for Bentley, Ferrari, Lamborghini, Rolls-Royce, and Tesla plus Alfa Romeo 4C sales and Maserati totals.
** Mercedes-Benz Total Does Not Include Siprter.
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The Hybrid Auto Market in the US

U.S. Top 10 Selling Hybrid Models by Market Share in 2014

- Toyota Prius liftback: 27.2%
- Toyota Prius v: 6.8%
- Ford Fusion Hybrid: 7.8%
- Toyota Camry Hybrid: 9.0%
- Hyundai Sonata: 4.7%
- Ford C-Max Hybrid: 4.2%
- Toyota Avalon Hybrid: 3.8%
- Lexus ES 300h: 3.3%
- Lexus CT200h: 3.5%
- Prius c: 4.2%
Market Share for Plug-in Vehicles

Market Share of Plug-In Vehicles to Date in USA

- Volt: 73,357
- LEAF: 72,322
- Prius PHEV: 38,102
- Model S: 37,545
- C-Max Energi: 18,216
- Fusion Energi: 17,652
- I3: 6,092
- Smart ED: 3,517
- Focus BEV: 4,341
- RAV4-EV: 2,453
The Automotive Market in Europe

TOP 3 BEST-SELLING CARS BY SEGMENT
EUROPE 2015

City-cars
- Fiat 500
- Fiat Panda
- Volkswagen Up!

Subcompacts
- Ford Fiesta
- Renault Clio
- Volkswagen Polo

Compacts
- Volkswagen Golf
- Ford Focus
- Skoda Octavia

Mid-size
- Volkswagen Passat
- Mercedes C-Class
- BMW 3-Series

Large
- Audi A6/S6/RS6
- BMW 5-Series
- Mercedes E-Class

Luxury
- Mercedes S-Class
- Audi A8/S8
- BMW 7-Series

SUV/Crossover
- Small
  - Renault Captur
  - Opel/Vauxhall Mokka
  - Peugeot 2008

- Compact
  - Nissan Qashqai
  - Volkswagen Tiguan
  - Kia Sportage

- Mid-size
  - Volvo XC60
  - Audi Q5
  - Mitsubishi Outlander

- Large
  - BMW X5
  - LR RRover Sport
  - Volkswagen Touareg

MPV
- VW Golf Sportsvan
- Mercedes B-Class
- Fiat 500L

Sporty-cars
- Audi TT
- Porsche 911
- Mercedes SLK

Source: JATO Dynamics Limited
Modified Ansoff Matrix

Movement to market development and/or product development allows you to address a larger market.
Covering the Market with Product

Total Addressable Market

Product 1  Product 2
Product 3  Product 4
Positioning in the Market

Where to focus

Customer/Market

Competencies

Competition

An Example: We provide videopix services to millennials using a technology that keeps pictures on the net for only a short period of time. Unlike Instagram and other video services which make a permanent record, our pixframe service images disappear within 30 seconds after being seen. So go ahead with your belly shots!
A Clear Picture of the Market

- Who buys your product or service?
- What do they look like?
- Where do you find them?
- How do you get to them?
- What is the message you use to get them to know you and buy from you?
  - What is the message that will help them recommend your products to others?
# Market Target and Message

<table>
<thead>
<tr>
<th>Who Buys</th>
<th>What they look like</th>
<th>How they like to buy</th>
<th>Who the competition is</th>
<th>What the message is</th>
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Audience Participation
Recent TCA and Angel Pitches

B2B online freight market place connecting shippers with spot market capacity.

Manufacturers interior thermal window inserts that press into place, providing double pane performance at a fraction of the price of double pane replacement.

Mobile app and multi-vertical, on demand delivery service bringing customers whatever they want, whenever they want it.
More examples

Ride share option just for women by women.

Total package management system for multi-unit residences, offices and others who don’t want to miss a package.

Simplest way for seniors to connect to the digital world. The

Makes sure what you see online is what you get in person. iPhone and Android app that will independently verify people you meet online.
<table>
<thead>
<tr>
<th>Product</th>
<th>Segment/Target</th>
<th>Find them</th>
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<tbody>
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<td>Mobile pet spa</td>
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<tr>
<td>Fountain pen users</td>
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<td>Autonomous robots</td>
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<td>Pickle ball paddle</td>
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<td>Day trading software</td>
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Contact information

David Friedman
C-Level Partners
TechCoastAngels
dfriedman@clevelpartners.net
949 4394503
www.clevelpartners.net
www.streetsavvymarketing.wordpress.com