

PROFIS - Promotion of Financing Innovation in South-East Europe project

Market studies: Why and how to do them

Katalin Kovács
Bay Zoltán Nonprofit Ltd.

TRAINING ACADEMY
Prague – 25-28.11.2013

The PROFIS project I.



Main objective

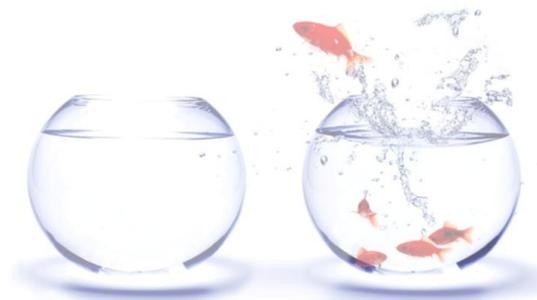
Addressing a critical gap: investment in knowledge transfer and start-ups and strengthen cross-border matching of innovative firms with suitable investors

Specific objectives

- Developing new capacities, skills, new services
- Creating trans-national supporting innovation SEE network and a platform for innovation service providers
- Contributing to regional economic development and innovation policy setting by identifying challenges, making good practices visible and suggesting options for solutions
- Easing the access to new financial sources for innovative projects in South-East Europe

Project partners and more information: www.profisproject.eu

The PROFIS project II.



Benefits:

- creating a single innovation market
- spreading the benefits of innovation
- promote female inventors
- creating international network
- facilitating technology transfer and the exchange of good practices

Main expected results:

- **135 investment proposals** prepared for negotiation with financing actors
- **360 individuals and 150 firms** directly benefiting from the services provided by the project
- **4 new innovative products developed** and tested by the project (2 training materials on promoting innovation financing, training material on facilitating female inventors in SEE, and a net-based tool for promoting match-making of local SEE inventors and global investors)
- **9 country** policy report and a cross-country SEE report on financing early stage innovative projects (status and policy recommendations)



2014:

- National innovation competition in the participating countries
- SEE Innovation Competition and Final event (www.profisproject.eu)

How to select the winners?

- One of the main important issue to consider before further developing a technology is the possible market acceptance of a product
- Investors consider the market of a product/project before investing in it very carefully
- A concise and accurate business plan should be created, the market part is essential
- Numbers are coming from the market part of a business plan: The estimated revenue and cost are coming from the estimated sales, which is based on the estimated size of the market

Aims of a market study



- Analysing the particular market, or practices across a range of goods and services
- Identifying and addressing any aspects of market failure from competition issues to consumer needs, regulations
- Summarize the results of market research, which is an organized effort to gather information about target markets or customers

Main parts of a market study



- The objective of the research
- Description of the market
- Market segmentation
- Describing the market
- Customer analysis
- Competitor analysis
- Risk analysis
- Marketing mix modelling
- SWOT Analysis

The objective of the research



- Providing the rationale for undertaking the study
- Brief explanation for why this study was done and what is to be learned
 - Prepare for new product introduction,?
 - Evaluate competitors?
 - Look for new market opportunities?
- Suggest what may be done with the information contained in the study
 - Support a marketing plan?
 - Evaluate previous marketing decisions?
 - Part of on-going competitive research program?

Description of the market



- First describe your product and the benefit (the problem it solves)
- Describe the need it solves
- Provide a complete profile of the potential end-users in terms of age, location, gender etc...
- Describe the benefit they really seek and identify additional needs (potential gaps) in the market
- Identify the factors which effect their decision on purchasing
- Describe their attitudes of the potential customers
- Identify the groups of customers, therefore create market segments



Criteria for segmenting:

- Measureable
- Cost –effectively targeted, big enough to earn profit
- Trends are positive, market is stable
- Reachable

Type of segmentation:

- Segmentation by benefits
- Behaviourial
- Age
- Geographic
- Gender

Describing the market



- Key success factors
- Key success details
- Growth rate
- Trend
- Profitability
- Current and future size, penetration of product/service, growth estimates:
 - Overall market
 - Individual market segments
 - Growth estimates (current and future) for:
- Cost structure of the industry
- Distribution channels

Customer analysis



- Analysis on the group of customers, attitudes, real needs, lifestyle, demographics, number of customers.
- Differentiate B2C and B2B.
- Techniques:
 - Desk research
 - Field research

Competitor analysis



- Current competitors by product and market share
- Analysis of current and potential future competitors
 - Current customers
 - Positioning and promotion strategies
 - Partnerships/Alliances/Distributors
 - Products & Services (e.g., description, uniqueness, pricing, etc.)
 - Market share
 - Recent news
 - SWOT Analysis especially for the competitors: Strengths, Weaknesses, Opportunities & Threats



Risk: The probability that a harmful, negative event occurs in the future

Then the followings should be identified:

- Negative factors or events occurs in the future which is an obstacle of success
- Identify their probability
- Create their ranking (Starting from the most relevant)
- Define preventive measures
- Identify their effects and the probability of success
- Apply them with evaluating their costs

Marketing Mix (4P – 7P)



- Price
- Place
- Promotion
- Product
- *Packaging*
- *Positioning*
- *People*

SWOT Analysis



Internal origin:

Strengths

Weaknesses

External origin:

Opportunities

Threats

Questions?



Thank you for your kind attention!

katalin.kovacs@bayzoltan.hu

