



Ipsos KMG

CAUTION!
Understand the Potential
Of the Market
Before You Enter



**ARAŞTIRMADA
YENİLİKLER**
"powered by" Ipsos KMG



Big Questions of Innovation

- How to find the innovation?
- How to succeed?
- How big will it be?



Competitive context matters



Competitive Context



- Market size?
- Penetration?
- Which segment?
- Which shelf(s)?
- Who are my competitors?
- How many are there?
- How strong are they?
- Who are the leaders?
- Awareness & loyalty?



“Most new products which fail are not of poor quality, nor are they poorly marketed. To bring failures to a low level of occurrence another dimension needs to be added.

One needs to know beforehand how vulnerable the market is to another entry, that is how hard or soft the market is to new product penetration”

-- B.F. Butler Jr.

The Hendry Corporation



A

10% Penetration
Few brands

or

B

50% Penetration
Many brands

More mature

Stronger segmentation

More positions “owned”

Consumer preferences
more polarized



“Market Permeability”

- *The ease or difficulty of achieving long-term success in a particular market*
- *A property or characteristic of the market*
- *A critical constraint on the potential of a product*

1) DOMINATION

Market share of market leader(s)

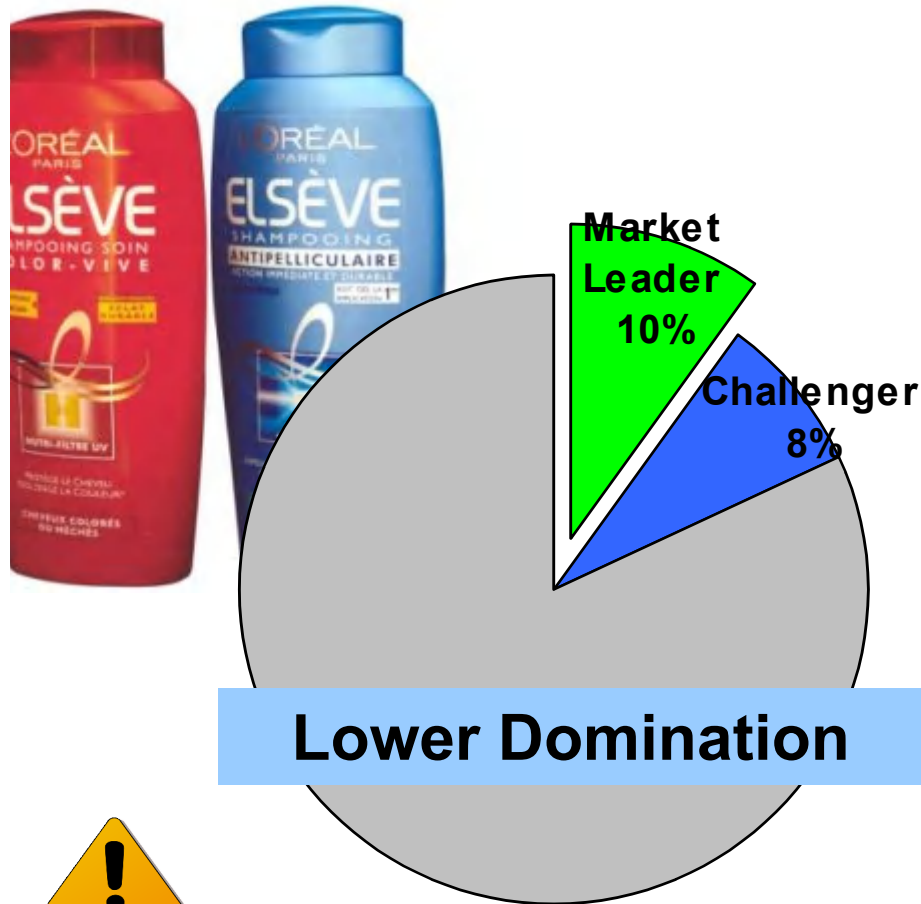
2) FRAGMENTATION

Number of brands / variants in the market

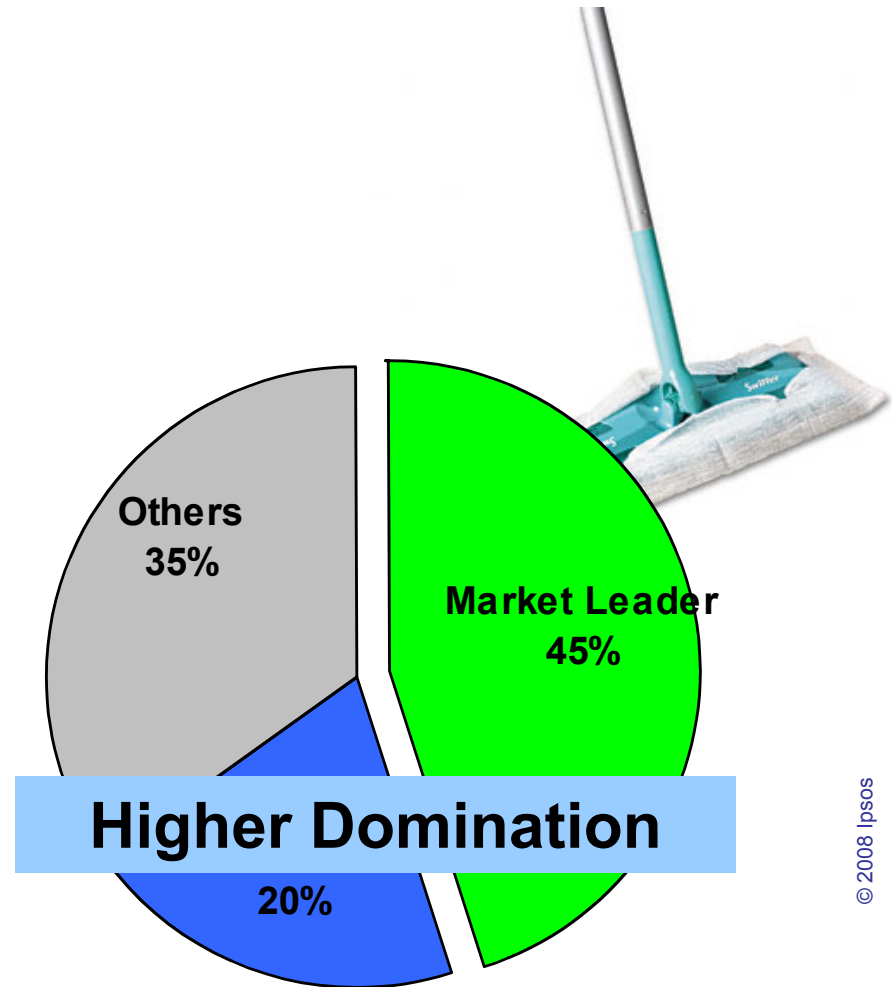


Domination

- Share of the market leader (#1)
- Share of the challenger (#2)



Lower Domination



Higher Domination



Highly Dominated Markets

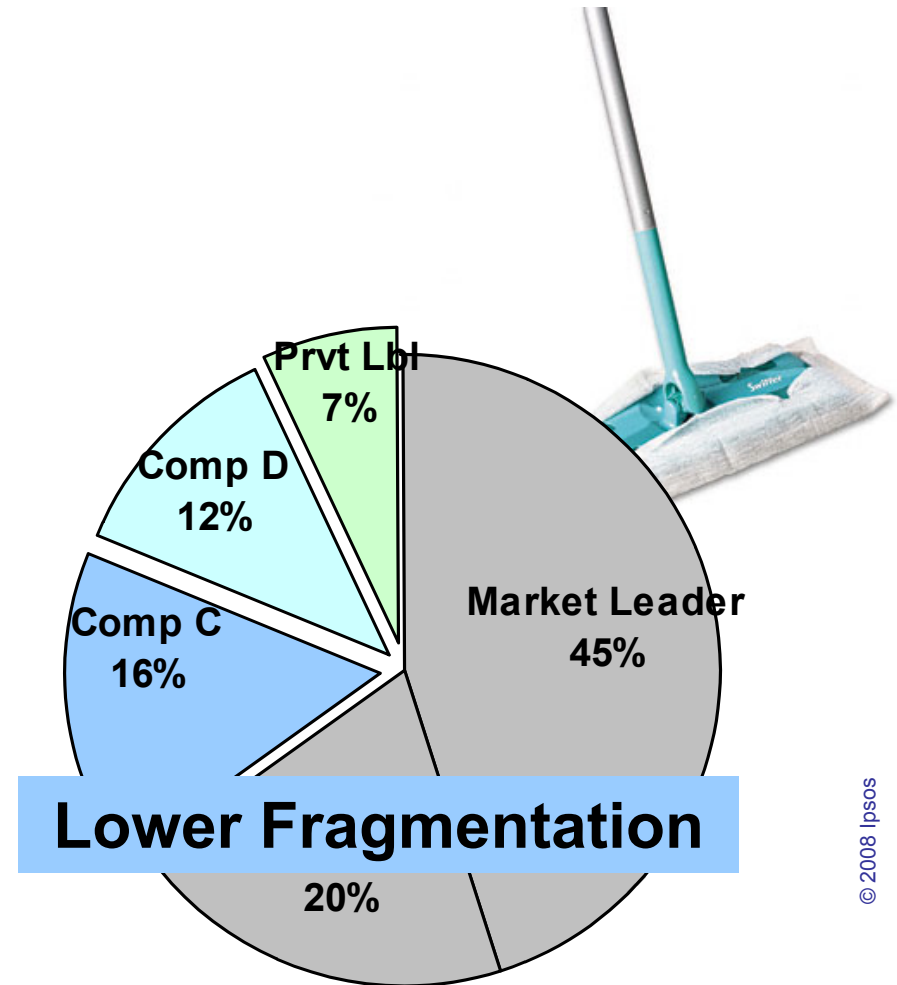
- The more dominated a category is, the easier it is to achieve long-term success.
- More commonly found in new markets markets still growing.

- Typically have greater opportunities to find:
 - **unique benefits**
 - **ownable positionings**
 - **dissatisfied consumers**



Fragmentation

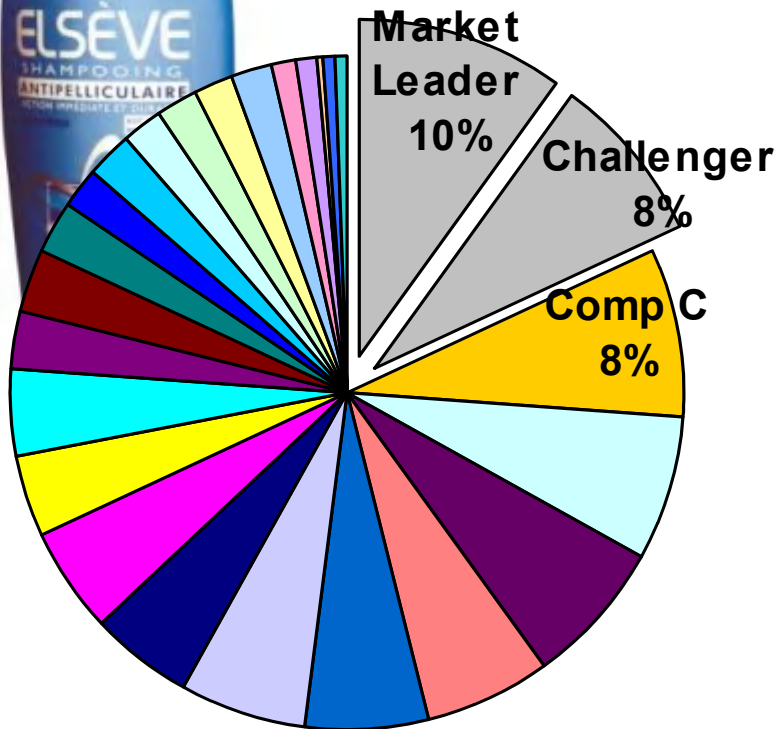
- Number of brands = 80% of market
- Number of brands in a consumers' consideration set



Highly Fragmented Markets

- The more fragmented a market is, the more difficult it is for a new entrant to achieve success.

- Typically mature and very competitive



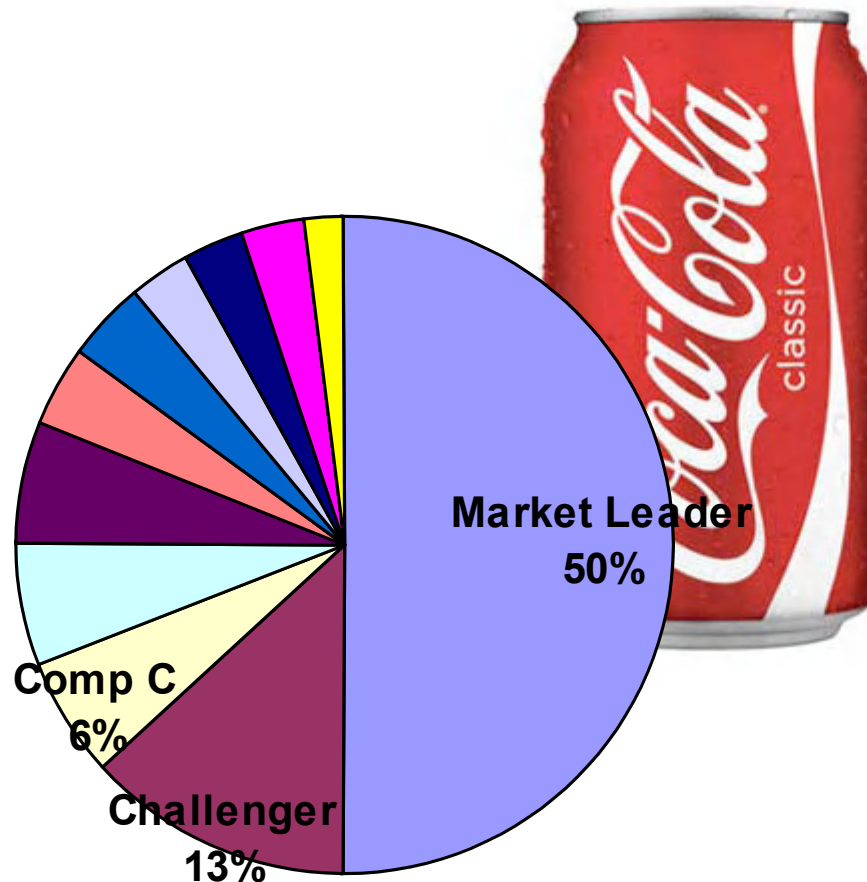
- Can be more difficult to:

- communicate to consumers
- acquire shelf space
- find at shelf
- own a unique position



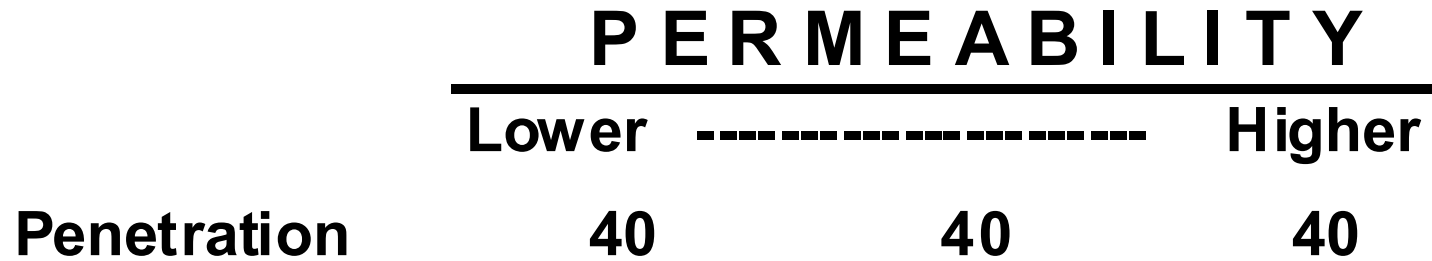
In-Between Categories

An example of high domination and quite high fragmentation...



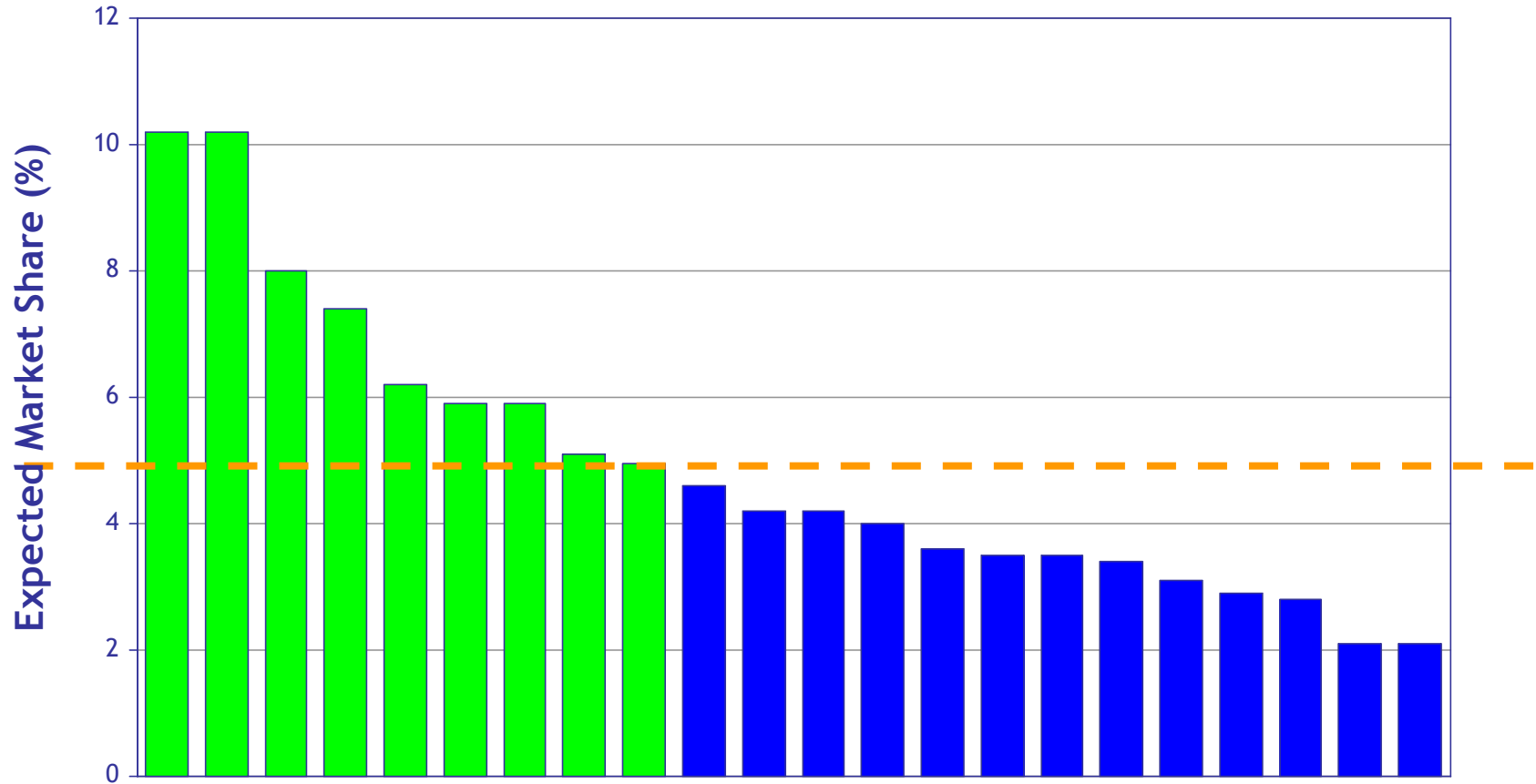


Use to: Forecast “Expected” Sales



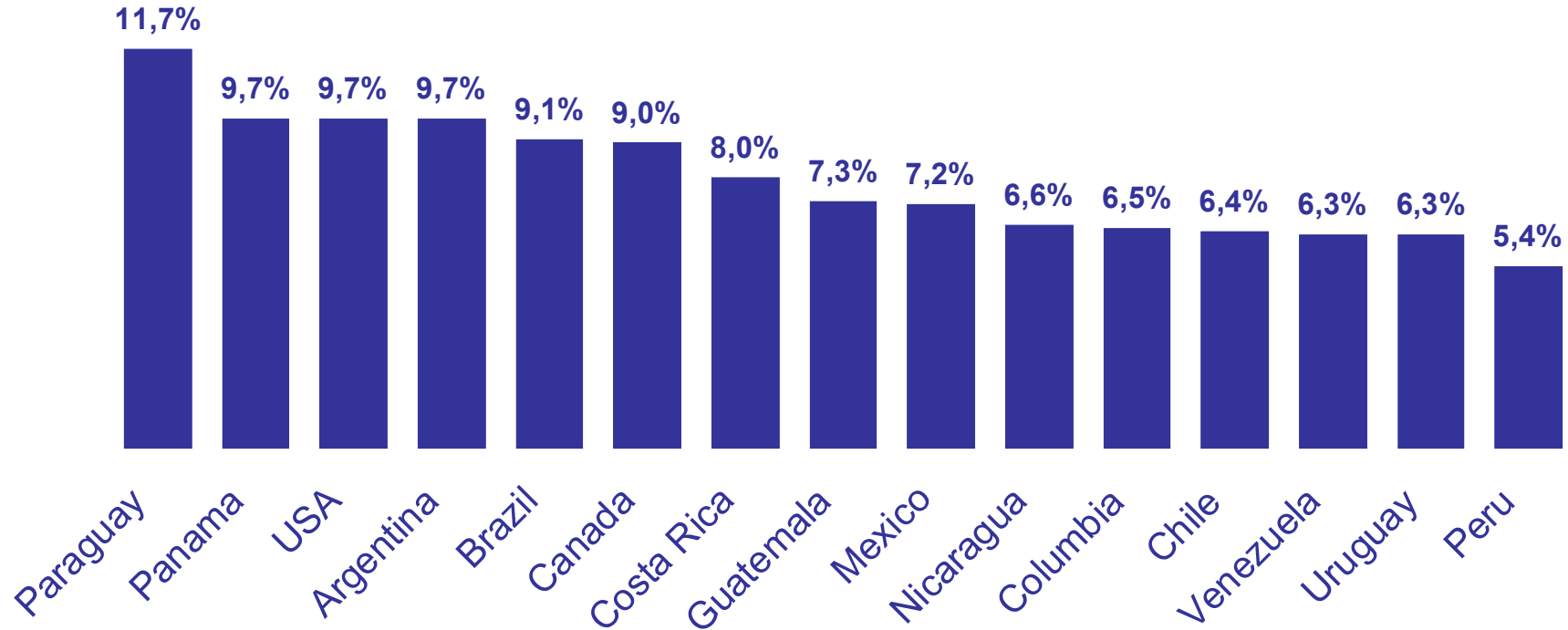
Assuming average product quality, 100% awareness and distribution.

Use to: Identify Best Categories





Use to: Identify Best Markets



© 2008 Ipsos

Want to Enter Shampoo market?



© 2008 Ipsos

