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Market niche & Target groups

Finding the right market niche

Identifying your target groups

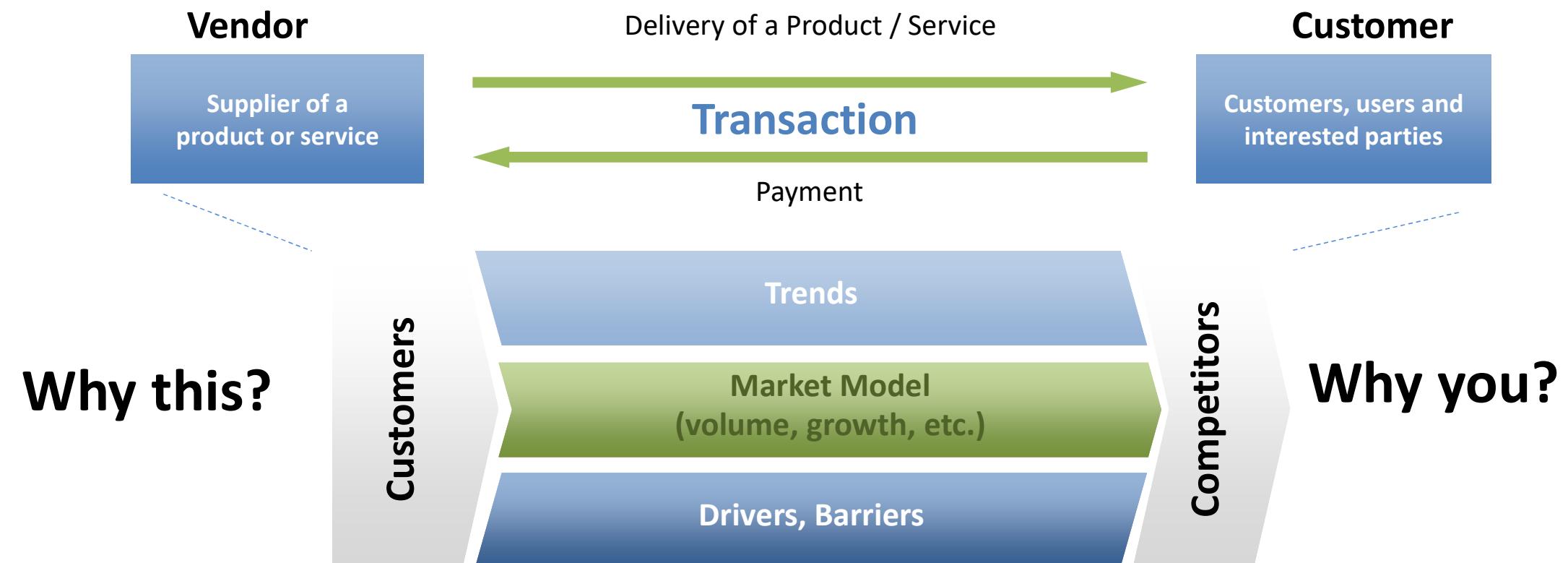
August 27th, 2024



Recap

The core elements of a market study are insights regarding trends, customers, competitors and a market model

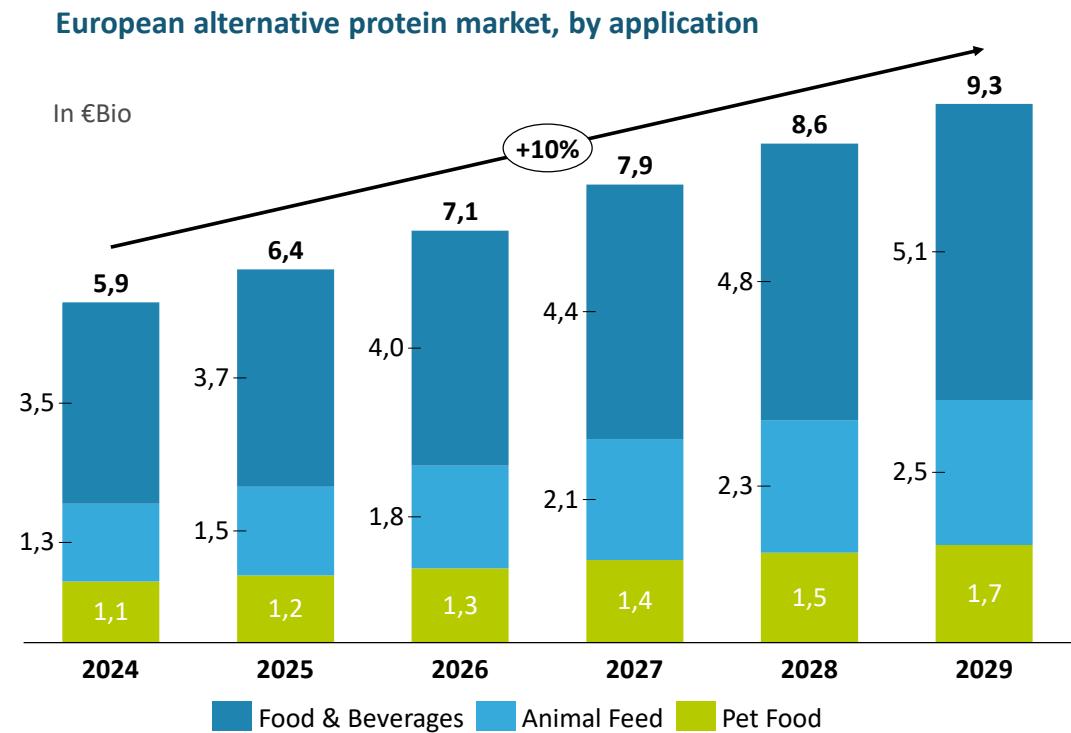
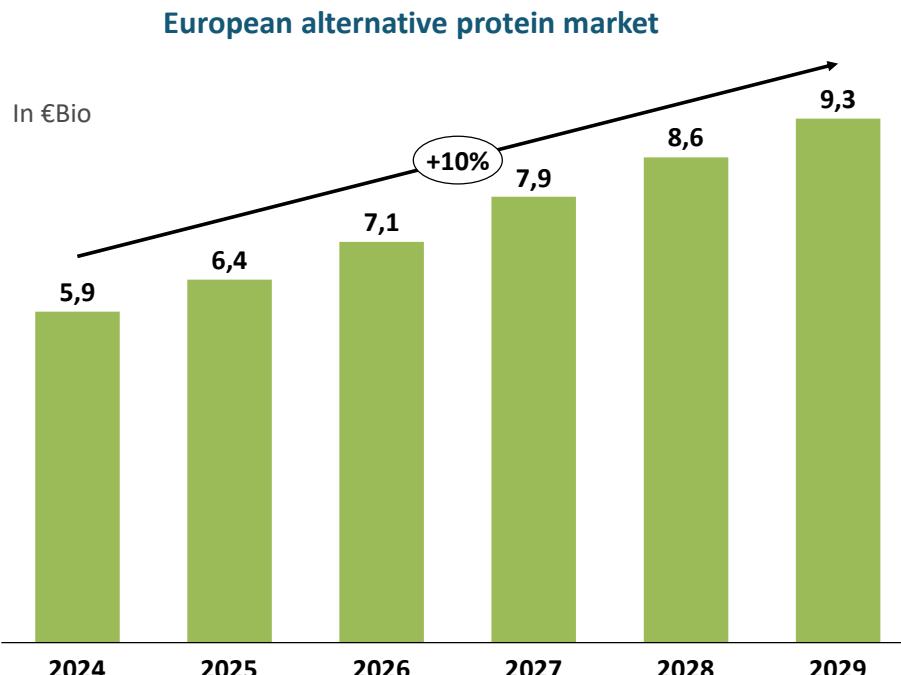
Composition of a fully fledged market study



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Example: Insect protein

Market definition, segmentation and sizing



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Identification of application areas

Even with such technologies as penicillin, finding an application only seems obvious in hindsight

Reason 1: Impact opportunities

"I know exactly what the best application for my technology is"

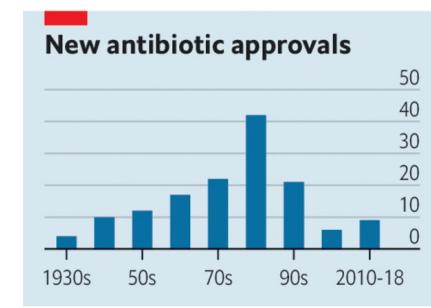


Alexander Fleming

Discovery September 1928

main application of penicillin is
be in **isolating penicillin-
insensitive bacteria** from
penicillin-sensitive bacteria in a
mixed culture, maybe potential
therapeutic benefits

First application February 1941



The Economist

Penicillin revolution 1943

Systematic approach required to acquisition finding and validation



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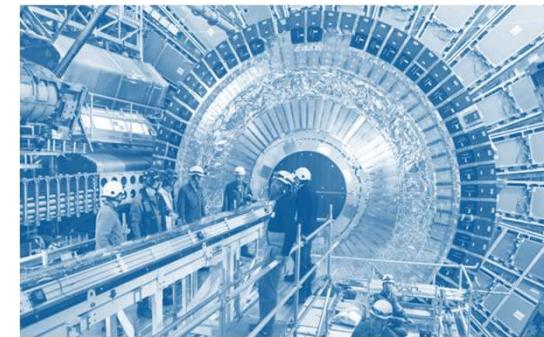
Significant effort required for any industry to adopt a new technology, especially if the improvement is only in performance

Reason 2: Technology and go-to-market

“My technology is so great, it practically sells itself”



Industry: Primarily cost-driven



Academia: Primarily Performance-driven

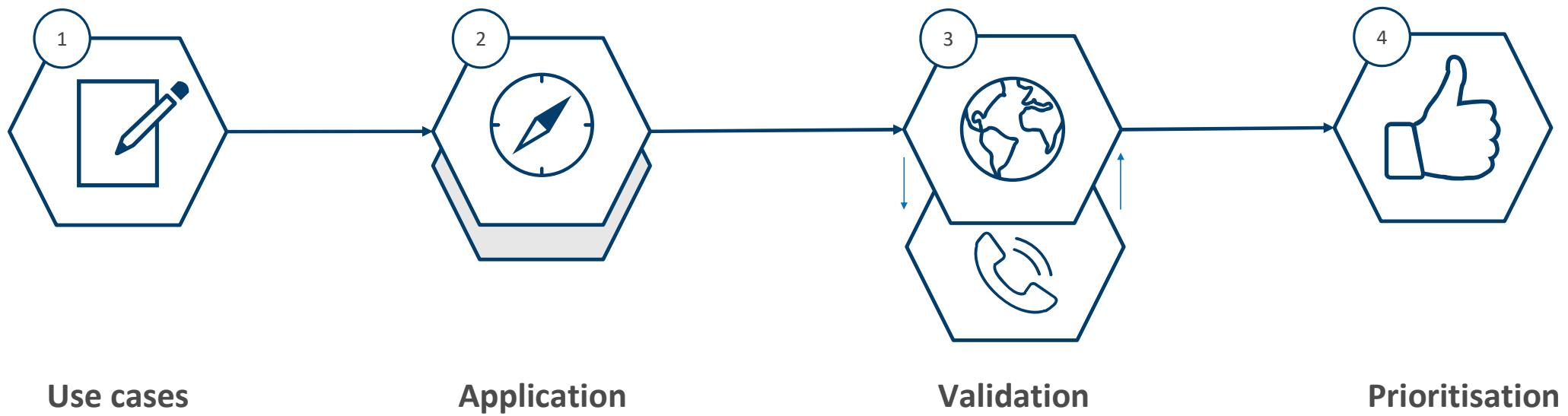


Exception: Life Sciences / MedTech

Nothing sells itself. Realising what drives the market is key for a problem-solution fit

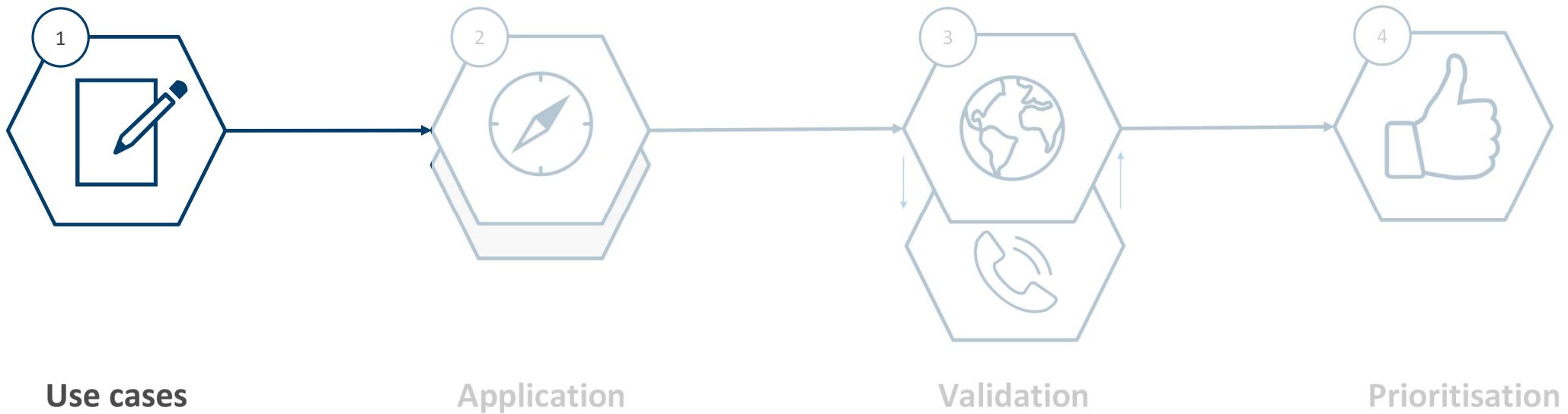
The key for every innovation project is the fitness of the solution and their use cases for the application area (e.g. industrial field)

Steps towards application areas outside academia



The key for every innovation project is the fitness of the solution and their use cases for the application area (e.g. industrial field)

Step 1: Clarify your offering, its potential use cases and hypothetical key features



Products, services, solutions

Key features

Use cases



What is the knowledge / expertise?
What can be products / services / solutions?
What can be done with the solution?
What features can be considered „special“ or even „unique“?



Specify the offering, use cases and key features

Step 1: Clarify your offering, its potential use cases and hypothetical key features

What is the knowledge / expertise?
What can be products / services / solutions?



Use background knowledge and be creative on what you could possibly offer

What can be done with the solution?
What are key benefits for the user or customer?



Narrow research question? Go a step back:
e.g. from „cancer-type specific brain diagnostics“ to „brain imaging“

Leave the boundaries of your specific research field

Wide field? Become more specific:
e.g. from „research analysis in the field of brain machine interfaces“ to „implant-based therapy for epilepsy“

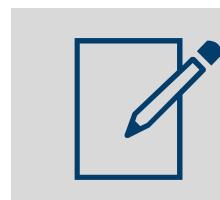


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Specify the offering, use cases and key features

Step 1: Clarify your offering, its potential use cases and hypothetical key features

What is the knowledge / expertise?
What can be products / services / solutions?



Alternative insect-based protein source for animal nutrition

short and simple

What can be done with the solution?
What are key benefits for the user or customer?



1. Hypoallergenic animal diets (Allergic Skin Reactions)
2. Sustainable animal feed solutions to reduce environmental impact (Livestock farming impact)
3. Novel ingredient for animals with digestive sensitivities (Alternative to plant-based proteins)
4. Functional diet rich in vitamins and minerals (Nutritional Imbalances)
5. ...

Leave the boundaries
of your specific research
field



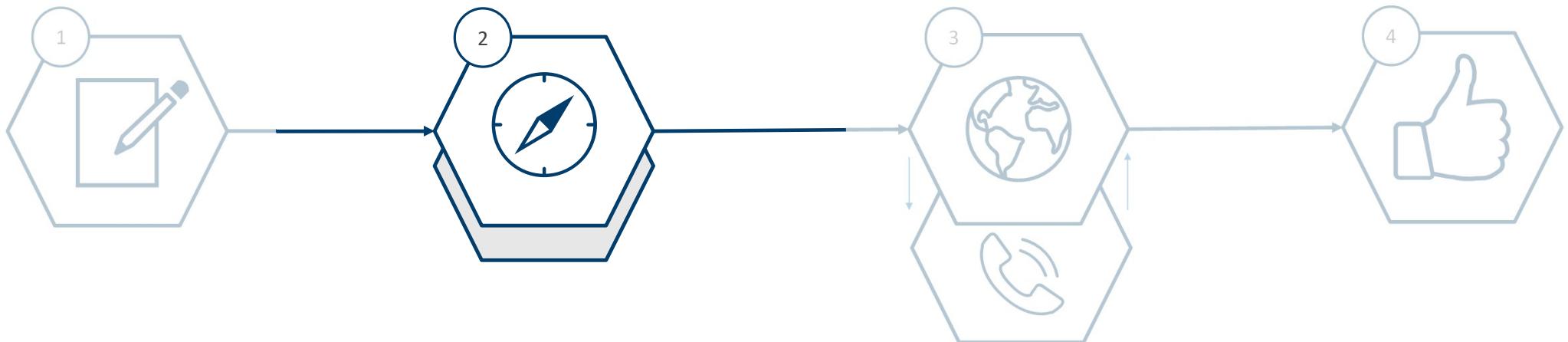
„out of the box“



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The key for every innovation project is the fitness of the solution and their use cases for the application area (e.g. industrial field)

Step 2: search for existing application areas with existing use cases



Use cases

Application

Build hypothesis on the existing application fields



Where can my solution(s) be applied?
Where can I create the biggest impact?
Where do I solve the biggest challenge?
Where can I make eventually the most money?



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Existing classifications provide you with insights about unknown fields of application that you can search in with selected methods

Domains



Use existing application areas

Industry

Politics

Civil society

Culture

Education

Administration

...



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Existing classifications provide you with insights about unknown fields of application that you can search in with selected methods

Classifications and methods to find application areas

Industry	Thomson Reuters, NACE, ISIC, SICCODE etc.
Politics	Political fields, etc.
Society	Behaviour, Demographics etc.
Healthcare	Therapeutics, Diagnostics etc.
Education	e.g. ISCED
Administration	e.g. SICCODE
Others	KldB, ISCO-88, etc.
...	...

Classifications



THOMSON REUTERS BUSINESS CLASSIFICATION

Number/Code	Title	Description
01	Energy	Extraction, refining, marketing, and distribution of fossil fuels and renewable energy, as well as manufacturing of energy-related equipment and providers of supporting services.
0101	Agriculture	Extraction, refining, marketing, and distribution of fossil fuels and renewable energy, as well as manufacturing of energy-related equipment and providers of supporting services.
010101	Coal	Extraction and processing of coal. Includes services of fuel, fuel oil, coal, and other contract-based coal.
010102	Gas	Extraction and processing of gas. Includes services of fuel, fuel oil, coal, and other contract-based coal.
010103	Electric	Extraction and processing of coal. Includes services of fuel, fuel oil, coal, and other contract-based coal.
010104	Oil & Gas	Extraction, refining, and processing of oil and refined oil and gas products.
010105	Integrated Oil & Gas	Extraction, refining, and processing of oil and refined oil and gas products, as well as manufacturing of energy-related equipment and support activities in both exploration and production, and selling of refined oil and gas products.
010106	Oil & Gas Production and Exploration	Extraction, refining, and processing of oil and refined oil and gas products, as well as manufacturing of energy-related equipment and support activities in both exploration and production, and selling of refined oil and gas products.
010107	Oil & Gas Refining and Marketing	Extraction, refining, and processing of oil and refined oil and gas products, as well as marketing, selling, and distribution of refined oil and gas products.
010108	Oil & Gas Marketing and Services	Extraction, refining, and processing of oil and refined oil and gas products, as well as marketing, selling, and distribution of refined oil and gas products.
010109	Oil & Gas Drilling	Production of oil and gas drilling services as a discrete activity, as well as drilling and related activities.
010110	Oil & Gas Refining and Marketing	Production of oil and gas refined services as a discrete activity, such as cleaning, heating, storing, refining, separating, drying, desalting, or similar oil and gas products, including separation of petrochemicals, storage facilities, gas liquefaction and separation, and related equipment.
010111	Oil & Gas Transmission Services	Transmission of oil, gas, and refined products, including separation of petrochemicals, storage facilities, gas liquefaction and separation, and related equipment.
010112	Renewable Energy	Manufacture of renewable energy equipment, as well as service providers, and producers and distributors of renewable fuels.
010113	Renewable Energy Equipment & Services	Manufacture of solar power panels, hydroelectric facilities, wind turbines, solar water heating systems, wind energy conversion systems, and other renewable energy equipment, as well as service providers, and producers and distributors of renewable fuels.
010114	Services	Manufacture of services related to oil and gas exploration, extraction, processing, and distribution, including drilling, seismic, and related services.
0110	Chemicals	Production and delivery of agricultural commodity and specialty chemicals.
01101	Chemical	Production and delivery of agricultural commodity and specialty chemicals.
0110101	Commodity Chemicals	Production of oilseed, starch, protein, amino acids, lactose, and similar products, including corn, soybean, and canola oilseed, starch, protein, amino acids, lactose, and similar products.
0110102	Specialty Chemicals	Production of specialized chemicals such as pigments, ink, dyes, colorants, fibers, polymers, epoxides, chemicals, surfactants, glycols, and similar products.
0110103	Biotech Chemicals	Production of specialized chemicals such as enzymes, antibiotics, and similar products.
01102	Mineral Resources	Mineral extraction of oil, mineral extraction and processing, mineral products and minerals, and construction-related minerals.
01103	Metals & Mining	Mineral extraction of oil, mineral extraction and processing, mineral products and minerals, and construction-related minerals.
0120101	Product Mills & Minerals	Extraction and processing of services and code 0101 for the processing of oil and gas, including services of metal, mineral, and non-metallic minerals, extraction, separation, and processing of oil and gas, extraction for fertilizers, mining, mining, smelting, and processing of minerals, including smelting, refining, and processing of oil and gas, extraction and processing of minerals, and other mineral products.
0120102	Steel	Extraction and processing of services and code 0101 for the processing of oil and gas, including services of metal, mineral, and non-metallic minerals, extraction, separation, and processing of oil and gas, extraction for fertilizers, mining, mining, smelting, and processing of minerals, including smelting, refining, and processing of oil and gas, extraction and processing of minerals, and other mineral products.
0120103	Aluminum	Extraction and processing of services and code 0101 for the processing of oil and gas, including services of metal, mineral, and non-metallic minerals, extraction, separation, and processing of oil and gas, extraction for fertilizers, mining, mining, smelting, and processing of minerals, including smelting, refining, and processing of oil and gas, extraction and processing of minerals, and other mineral products.
0120104	Alloys	Extraction and processing of services and code 0101 for the processing of oil and gas, including services of metal, mineral, and non-metallic minerals, extraction, separation, and processing of oil and gas, extraction for fertilizers, mining, mining, smelting, and processing of minerals, including smelting, refining, and processing of oil and gas, extraction and processing of minerals, and other mineral products.
0120105	Alloys	Extraction and processing of services and code 0101 for the processing of oil and gas, including services of metal, mineral, and non-metallic minerals, extraction, separation, and processing of oil and gas, extraction for fertilizers, mining, mining, smelting, and processing of minerals, including smelting, refining, and processing of oil and gas, extraction and processing of minerals, and other mineral products.
01202	Construction Materials	Mineral extraction and processing for resale and construction, including extraction of sand, gravel, rock, clay, glass, stone, lime, gypsum, asbestos, and other mineral products.
01203	Construction Materials	Mineral extraction and processing for resale and construction, including extraction of sand, gravel, rock, clay, glass, stone, lime, gypsum, asbestos, and other mineral products.
01204	Applied Processing	Production of wood, forest products, and/or minerals or related services, as well as manufacturers or paper and/or paper products.
01205	Paper & Forest Products	Production of boards, pulp, paperboard, paper, and related products of wood and paper products, such as fiberboard, paperboard, paper, and other fiber-based materials.
0120510	Paper & Wood Products	Production of lumber, plywood, veneer, wood flooring, shingles, tiles, fiberboard, veneer, facing, and other products used in the manufacture of paper and paper products.
01205101	Paper Products	Production of paper products, including production of paper and paper products, such as paper, paperboard, paper, and other fiber-based materials.
01205102	Consumers & Packaging	Production of paper products, including production of paper and paper products, such as paper, paperboard, paper, and other fiber-based materials.
01205103	Non-Paper Consumers & Packaging	Production of paper products, including production of paper and paper products, such as paper, paperboard, paper, and other fiber-based materials.
01205104	Paper Packaging	Production of paper products, including production of paper and paper products, such as paper, paperboard, paper, and other fiber-based materials.
01205105	Internets	Production of paper products, including production of paper and paper products, such as paper, paperboard, paper, and other fiber-based materials.

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Example: Insect-based protein source

Domains



Use existing
application areas

Industry

Politics

Civil society

Culture

Education

Administration

...



Insect-based proteins

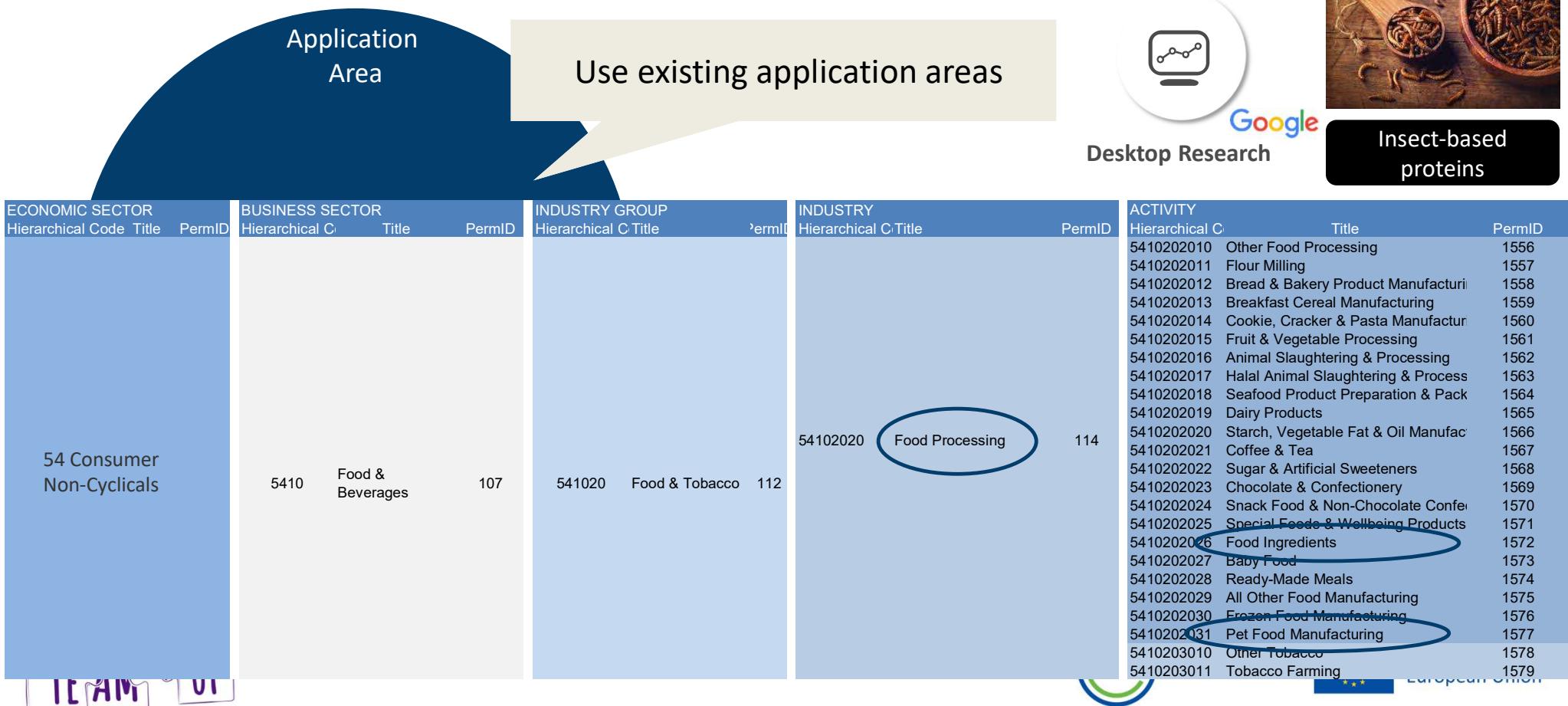
„Alternative insect-based
protein source for animal
nutrition“



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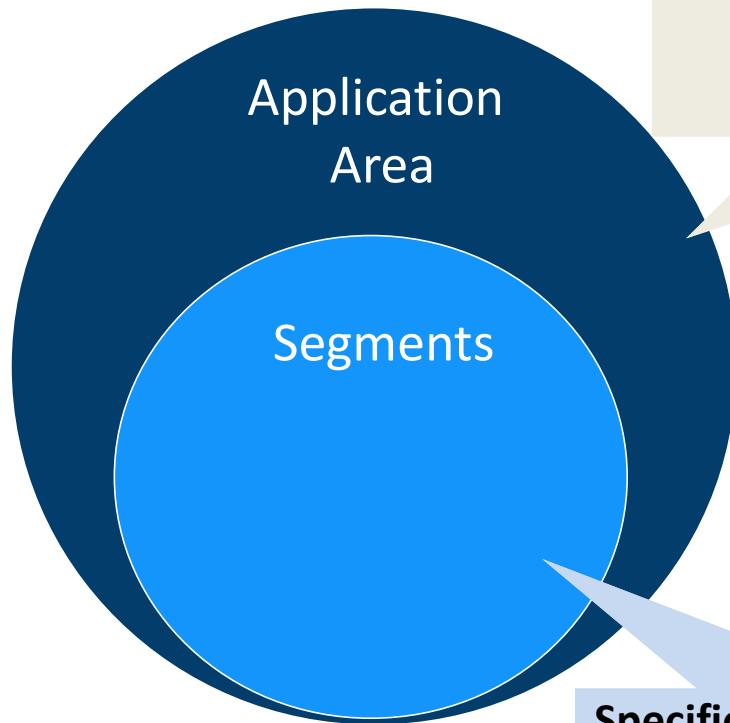
Existing classifications provide you with insights into unknown fields of application that you can scan with selected methods

Thomson Reuters business classification

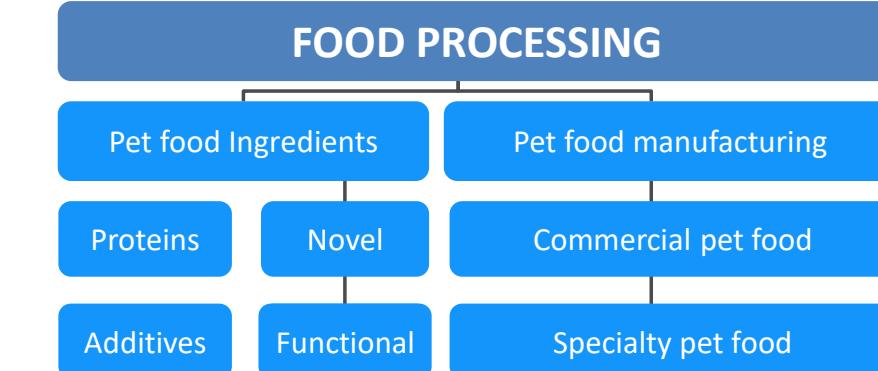


A detailed segmentation is necessary for connecting the use cases and further for the identification of target groups

Segmentation



Use existing application areas



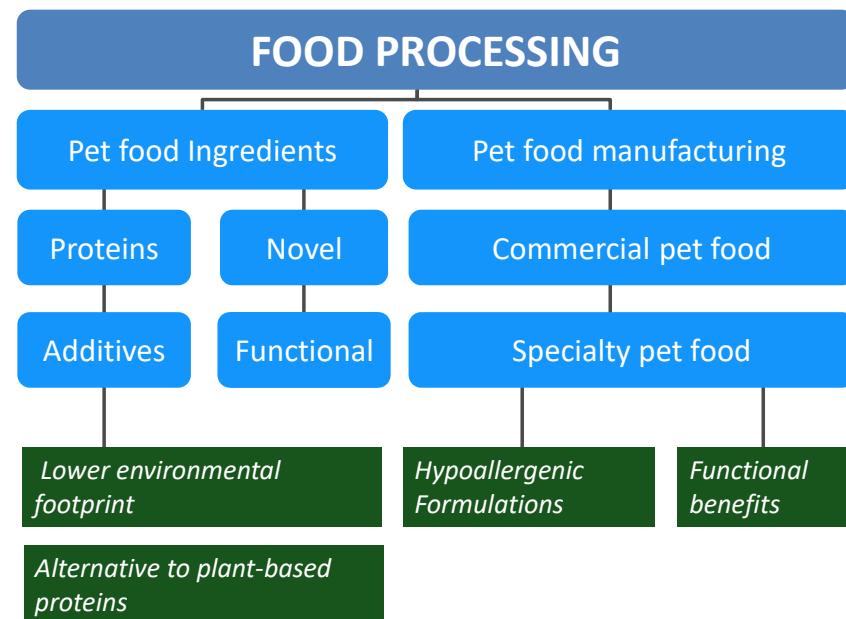
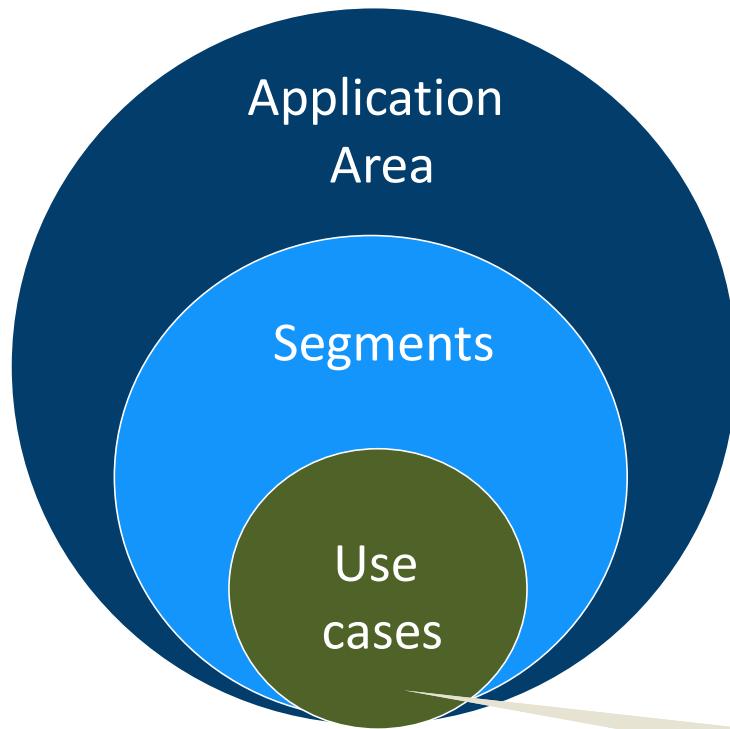
Specific industries or fields of activity within existing segments



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A detailed segmentation is necessary for connecting the use cases and further for the identification of target groups

Use cases



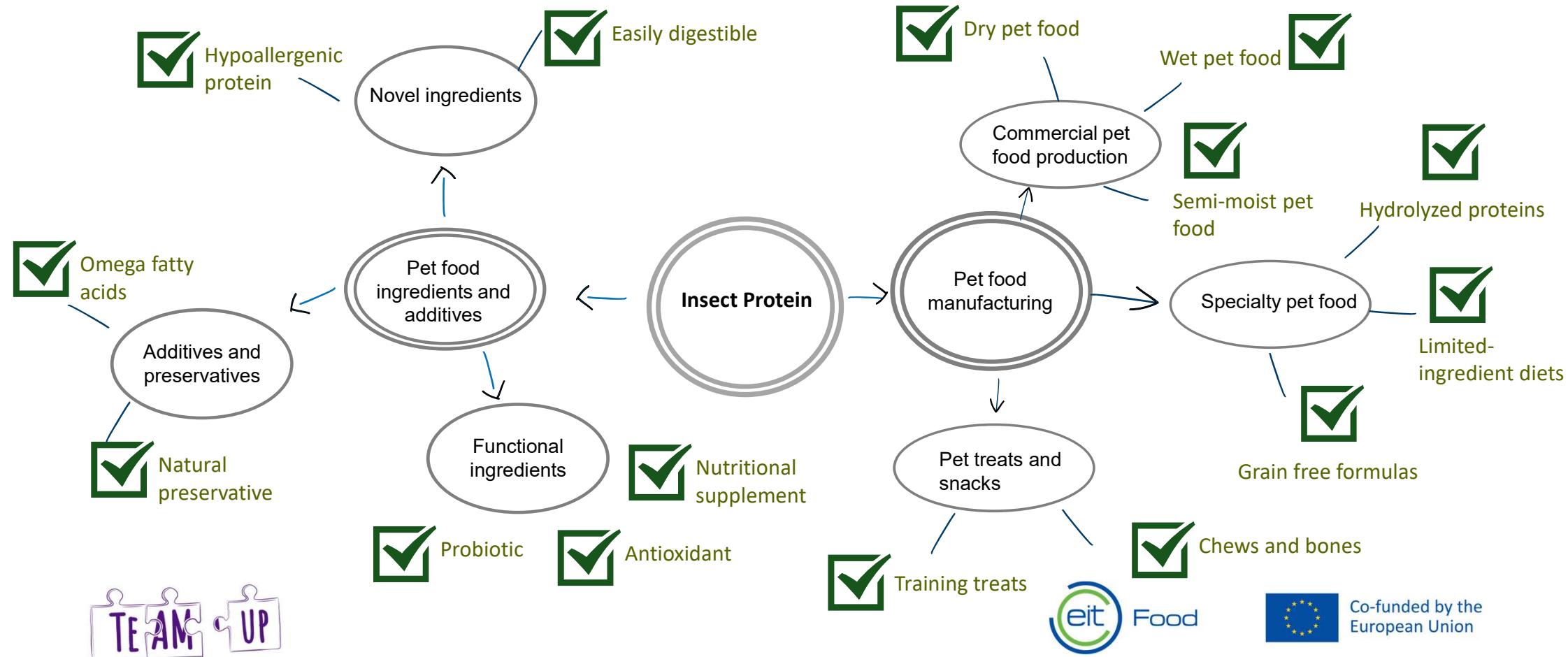
The actual use of knowledge / solutions



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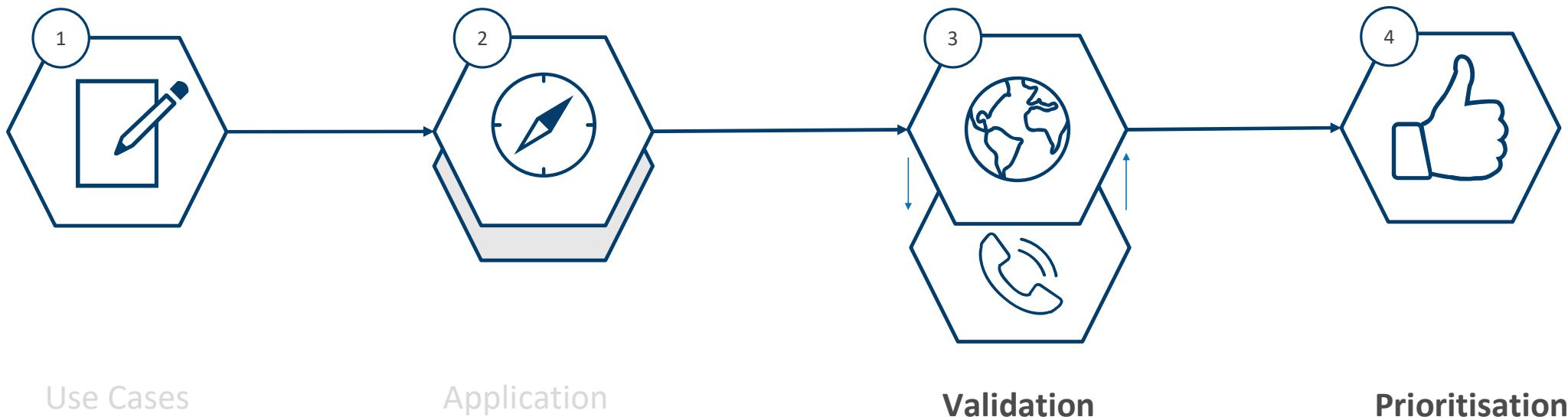
Detail the application areas within relevant segments

Step 2: how to create a real-world application mind map in a systematic manner?



The key for every innovation project is the solutions fitness and their use cases for the application area (e.g. industrial field)

Step 3: validate and evaluate existing application areas with existing use cases



Use Cases

Application

Validation

Prioritisation

External selection criteria:

- Impact range
- Effectiveness
- Interests / needs
- Contextual factors
- Degree of novelty
- ...



Internal selection criteria :

- Strategical orientation
- Achievement of objectives
- Personal motivation / image
- Networks and contacts
- Impulse / context for research
- ...



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Three main criteria to prioritise one application over the others

Assessment criteria



Product Market Fit

Identified problem to be solved, Relevant value proposition



Market Potential

Impact, Market volume, market growth, trends, drivers and barriers for market development, competitive landscape



Risk Assessment

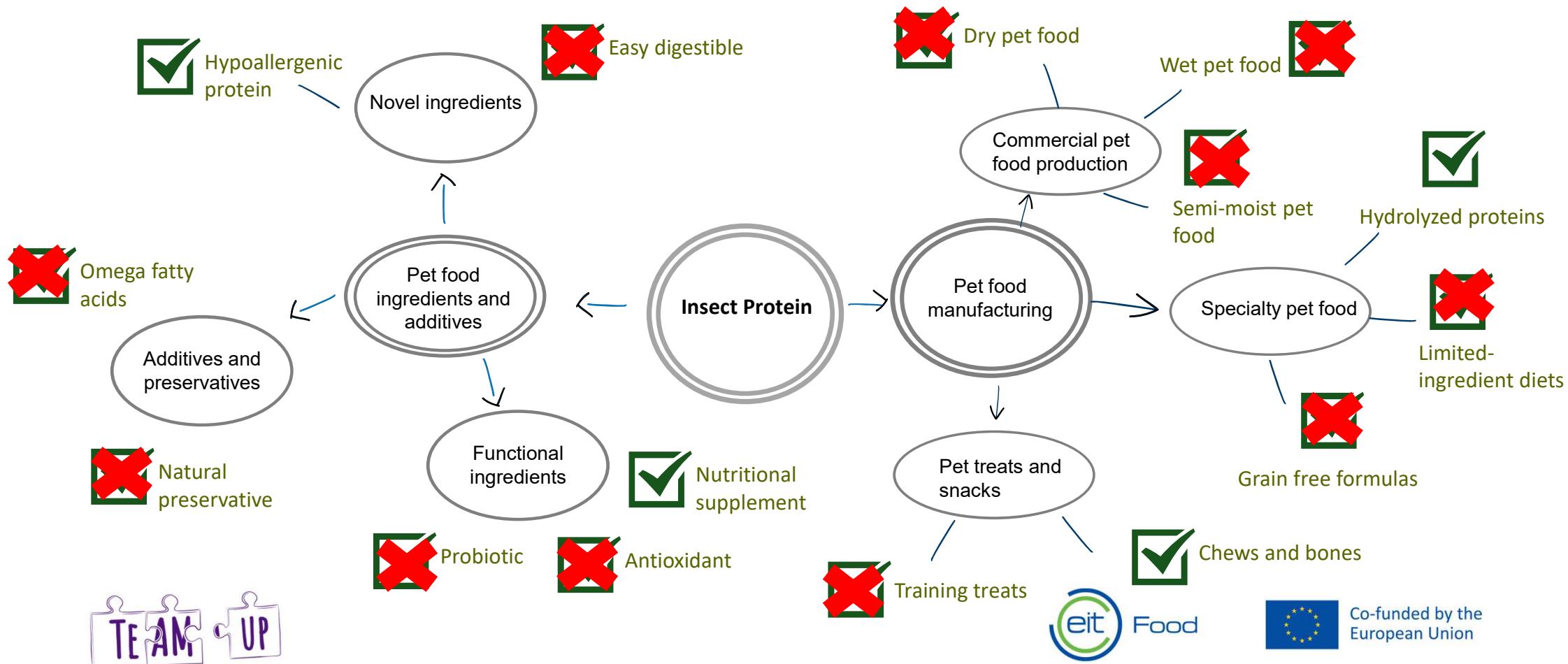
Regulatory, access to relevant customers, drivers and barriers for adoption of innovation, requirements of innovation, etc.



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Based on the validation, clean the mind map

Step 4: prioritise the most promising use cases



Prioritise application areas and see, where you can create value

Prioritisation

	Pet food ingredients	Pet food manufacturing
Description	 Novel ingredients	 Functional ingredients
	Insect protein serves as a novel ingredient, providing an alternative to traditional plant-based proteins like soy and wheat	Insect protein, rich in essential fatty acids, vitamins, and minerals, helps correct nutritional imbalances
	Insect protein can be used to produce hydrolyzed protein formulas, which are specially processed	Formulation of nutritious and highly palatable treats, providing pets with enjoyable and healthy snacking options



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Prioritise application areas and see, where you can create value

Prioritisation



		Pet food ingredients	Pet food manufacturing		
Description		Novel ingredients	Functional ingredients	Specialty pet food	Pet treat and snacks
Problem-Solution-Fit		Insect protein serves as a novel ingredient, providing an alternative to traditional plant-based proteins like soy and wheat	Insect protein, rich in essential fatty acids, vitamins, and minerals, helps correct nutritional imbalances	Insect protein can be used to produce hydrolyzed protein formulas, which are specially processed	Formulation of nutritious and highly palatable treats, providing pets with enjoyable and healthy snacking options
Market Potential					
Risk Assessment					



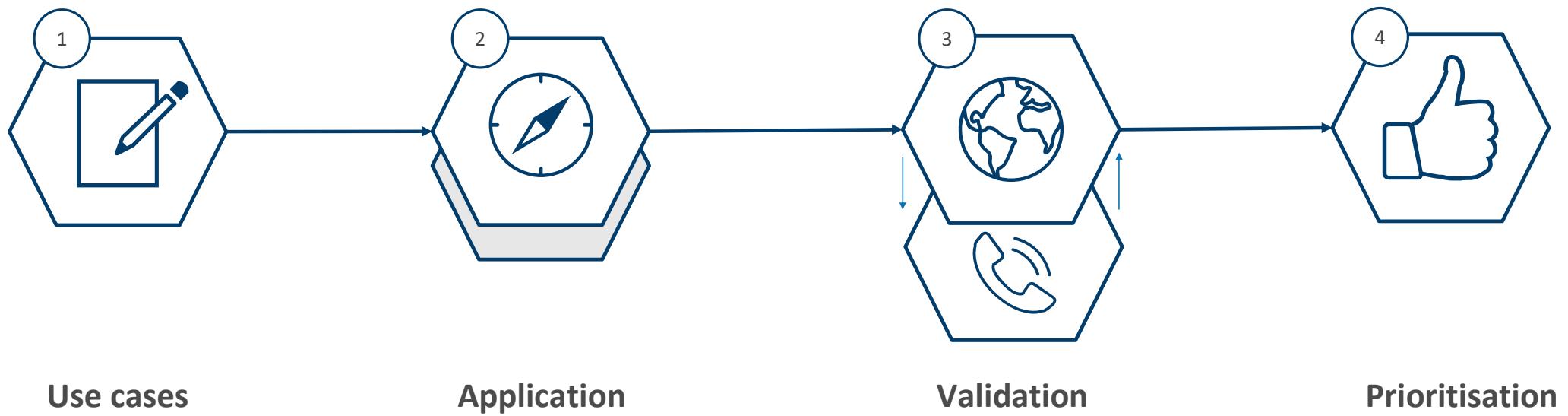
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Practice



The key for every innovation project is the fitness of the solution and their use cases for the application area (e.g. industrial field)

Steps towards application areas outside academia



Identify up to 5 application areas and prioritise them based on your knowledge or assumptions with regards to the dimensions below

Practice

Application Area	xxx	xxx	xxx	xxx	xxx
Use Cases	xxx	xxx	xxx	xxx	xxx

Problem- Solution-Fit

Market Potential

Risk Assessment



↗ = Good

↔ = Average

↙ = Bad



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Excercise

Team work



Number	Team Name	Team members	Team member's role
1	BARBELO	Viktoria Ferencz Ricardo Esteruelas Tesán	Tech Biz
2	Behavix	Massimiliano Carraro Stefania Malfatti Luisa Poisa	Tech Tech Biz
3	Bionova	Ayşe Sultan Akgün Melike Arslan Samhouri	Tech Biz
4	BizToys Ltd	Stoyna Wahdat Roxana Lazar	Tech Biz
5	Earthfarms Collective	Sara Featherston Cem Boeker	Tech Biz
6	FutureFastFood	Mari Aasmäe Martin Mintchev Daniela Yordanova	Tech Biz Biz
7	Gojenie	Ebrar Yildirim Emre Ertem	Tech Biz
8	KELPEAT	Luca Cerruti Tea Vrcic Alberto Navajas	Tech Biz Biz
9	DonaViva	Marko Petkovic Felipe Salmeri	Tech Biz
10	Nexodify	Syed Tajmeel Hussain Jelena Nedeljkovic	Tech Biz
11	NutrisAvIng Advisor	Ítala Marx Pablo Baleirón Pampín	Tech Biz
12	RegenFarm	Cosmin Ghinea Aleksander Stefanowicz	Tech Biz
13	The Green Float	Vasco Abreu Carlota Abreu Diogo Moura	Tech Tech Biz
14	TropicStream	Carlo Antonio Ng Nuno Catarino Emma Barrios Casasus	Tech Biz Biz
15	Vevibal	SELEN ŞENAL Mert Kalayci	Tech Biz
16	Yield Hunter	Miloš Lazarevic Miloš Ćiprijanović Arman Aksoy	Tech Tech Biz

Identification of target groups

Looking at the market side of stakeholders will mostly provide a complete new view on your research and the innovation potential

Who is my customer? Who am I partnering up with?



**Who benefits by applying your offering?
Who would “pay” for your offering?**

TEAM 4 U



You can't do it all on your own!

Who supports your project?



Who is offering alternative solutions?



One key question for the business model: „which type of market is my technology going to address?“



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B2B vs. B2C

Business-to-consumer (B2C)

Scores of customers scattered across vast regions

(typically) Small transactions

Short decision cycles

Addressing mass markets through advertising (e.g. TV)

Few strict product standards (except medical/pharma)

Business-to-business (B2B)

Few customers, often with a regional focus

(typically) Large purchasing decisions

Long decision cycles

Focus on personal sales

Very strict product standards

B2B or B2C?



A distinction between B2B and B2C proves to be very useful for market segmentation



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Typical criteria for market segmentation

Business-to-consumer (B2C)		Business-to-business (B2B)	
Geography	Country, Region, urban, rural, ...	Demography	Industry, company size, location, ...
Demography	Socio-economic group, age, gender, occupation, ...	Operations	Technology, user status, capabilities, ...
Behaviour	Willingness to buy, use rate, loyalty, ...	Purchasing approach	Purchasing decision path, KPC, relationship type, ...
Psychographics	Personality, lifestyle, attitude, ...	Customer state	Urgency, project size, application, ...
⋮	⋮	⋮	⋮
		Personal characteristics	Loyalty, willingness to take risks, ...



Especially in B2B, a „customer“ is not just a customer



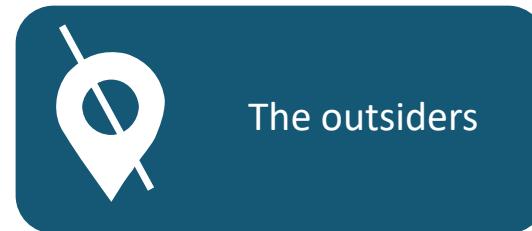
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The many „faces“ of a customer

Consider?

Avoid?

The Focus?



Especially in B2B, a „customer“ is not just a customer



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The many „faces“ of a customer

The Focus



The decision maker



The user



The influencers

Consider



The purchaser



The experts



The
recommenders

Avoid



The outsiders



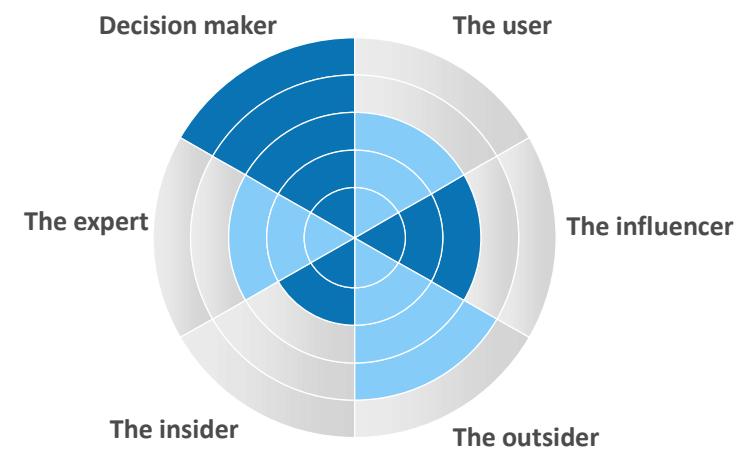
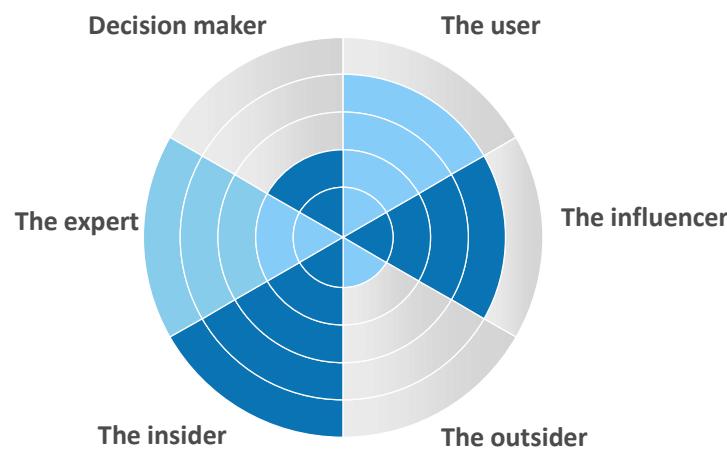
The saboteur



Especially in B2B, a „customer“ is not just a customer



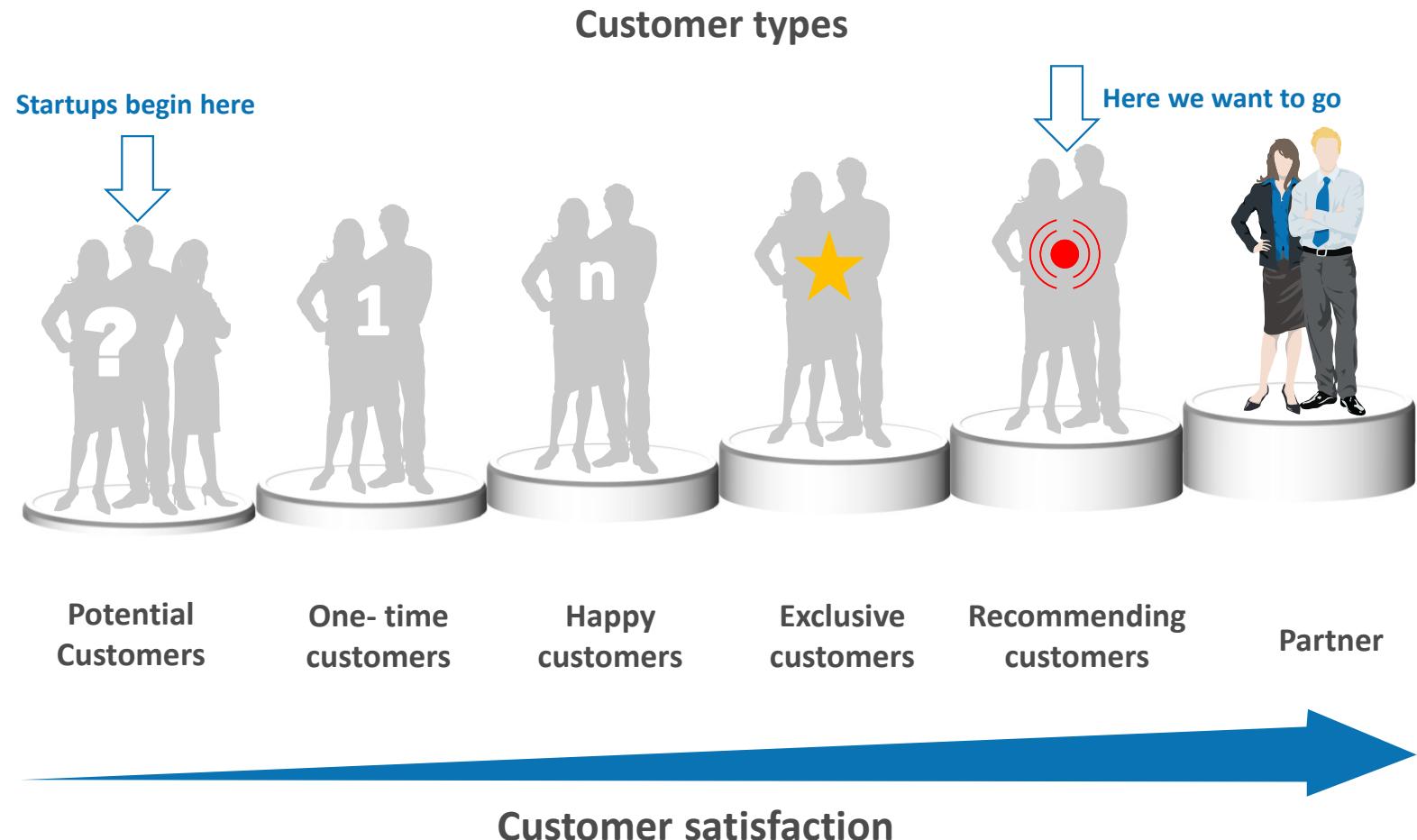
The many „faces“ of a customer



**There are different types of customer relationships.
With start-ups, there is a lot of uncertainty at the beginning**



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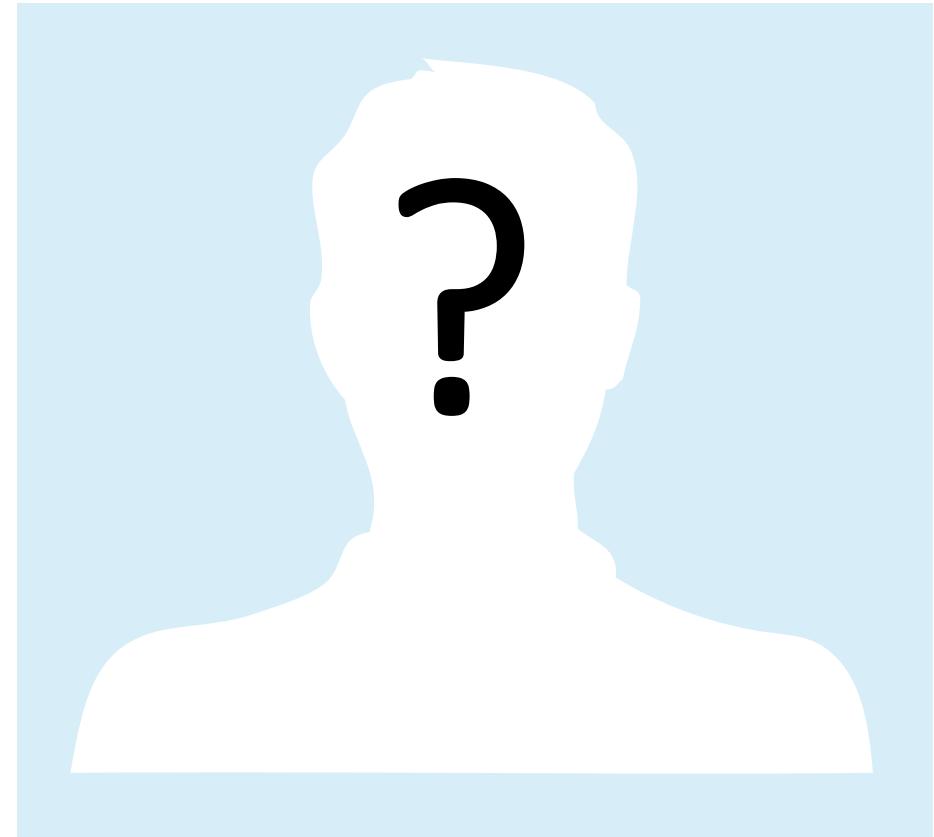
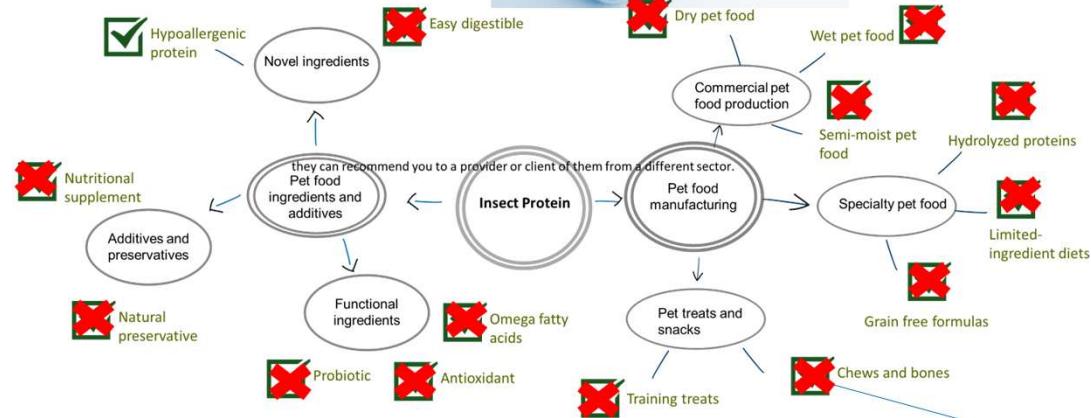


The next step towards innovation is the most under-estimated aspect: Who is my customer?



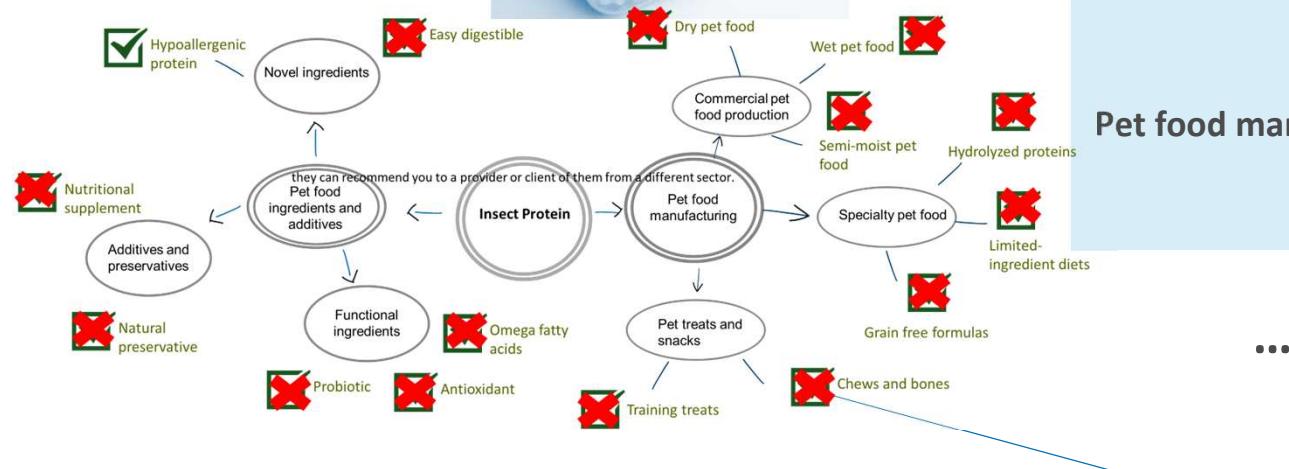
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Target groups



The next step towards innovation is the most under-estimated aspect: Who is my customer?

Target groups



Ingredient supplier

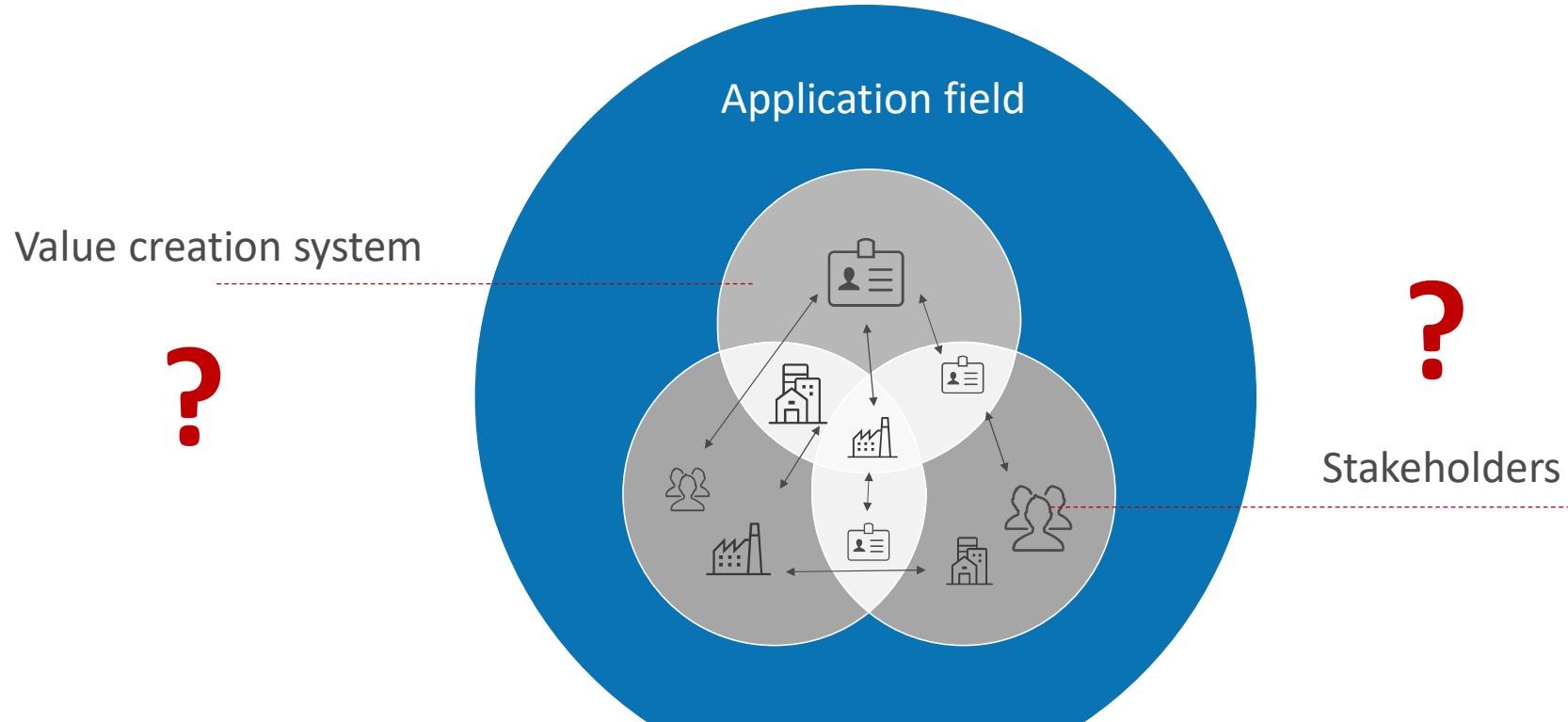
Pet food manufacturers



Looking at the market side of stakeholders will mostly provide a completely new view on your research and the innovation potential



Who is my customer?



All stakeholders interact within a value creation system within the application field with their specific roles.
Identifying your role is crucial to address the right people and organisations



The value chain is the simplest form of a value creation system



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Value chain definition

”

A value chain is a set of activities that one or many organisation(s) perform to deliver a **valuable** product for a market

Example:



Iron ore

Raw steel

Steel foil

...

\$121 / metric ton

\$3.631 / metric ton

\$10.213 / metric ton



The value chain is the simplest form of a value creation system



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Example

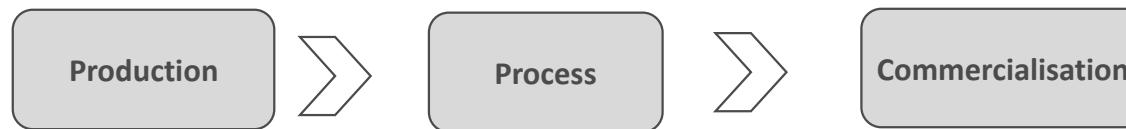


Example: Pet food ingredient and additives value chain



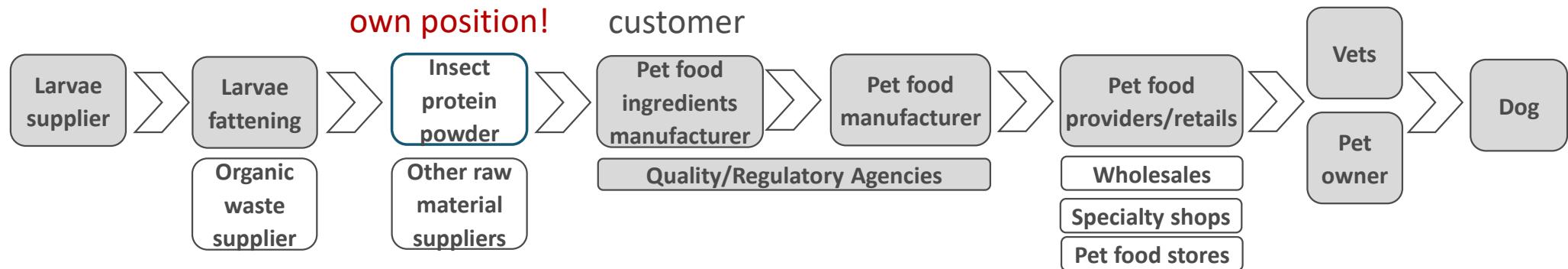
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Not so simple



Example: Pet food ingredient and additives value chain

Solution

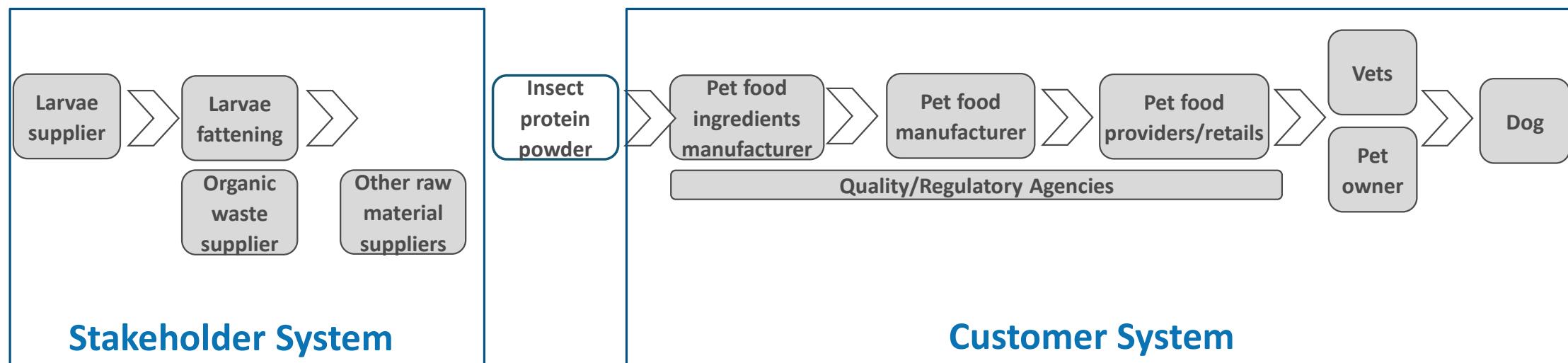


Example: Pet food ingredient and additives value chain



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Value creation system



Practice



Case study



Practice with your own value chain

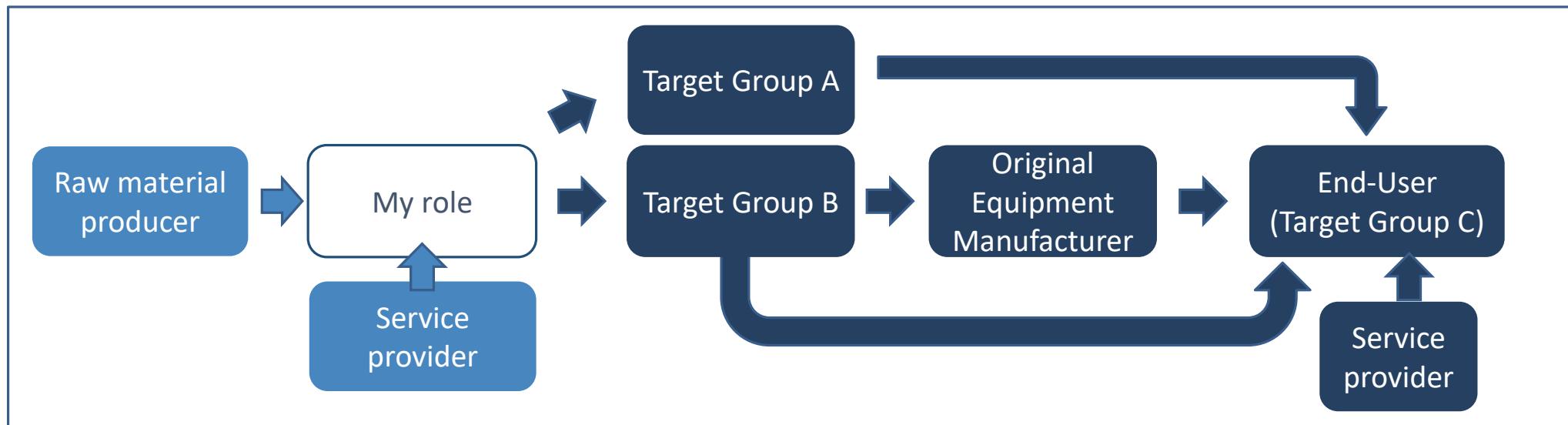
Search for **existing supply chains / value chains in your value creation system** to get a better understanding of the organisations and activities involved!

1. What is the set of activities to solve the problem in the addressed application field(s)?
2. Who is involved in the value creation?
 - a. List relevant stakeholders and connect the value creation system
or
 - b. Search for existing value creation systems online and adapt.
3. Position yourself. Identify target groups, competitors and partners.



Value Chain

Describe the value creation system your solution is involved in and define your role in it



Describe the stakeholder system and your role

Describe the customer system and its drivers, barriers and requirements

Target Groups

Describe the primary target groups and their interests regarding your solution

Target group A

- Description of the target group and their needs and challenges regarding your solution

Target group B

- Description of the target group and their needs and challenges regarding your solution

Target group C

- Description of the target group and their needs and challenges regarding your solution



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Thank You

