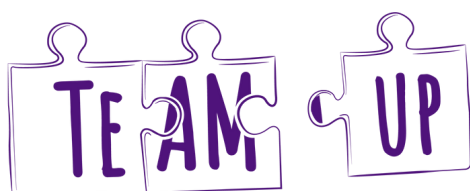
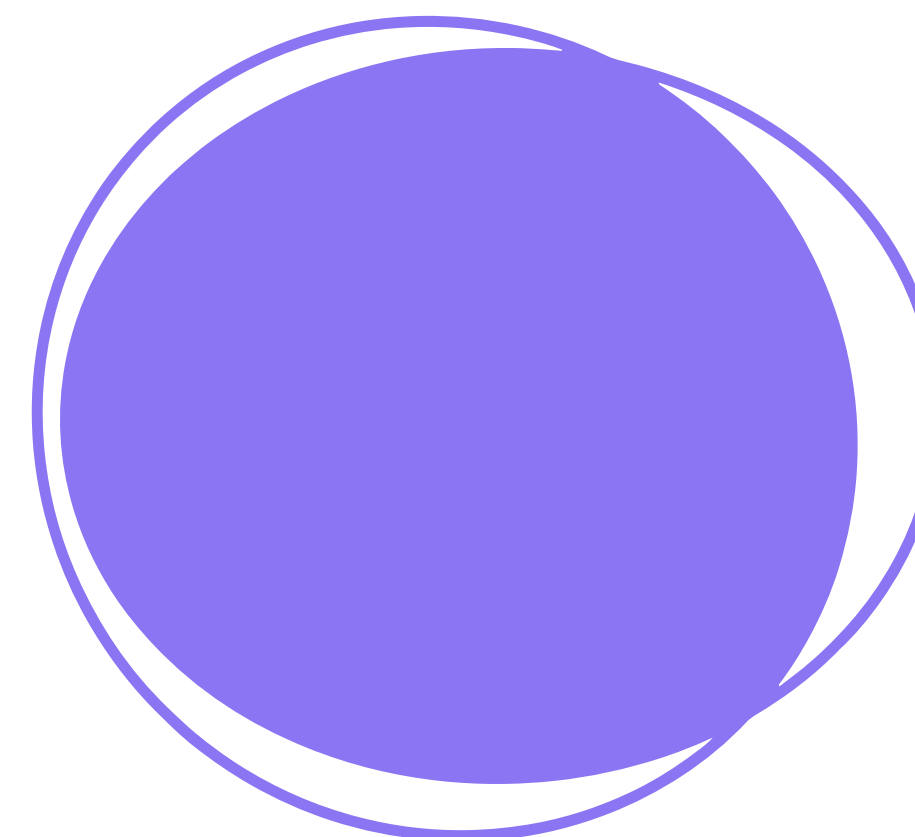


Co-funded by the
European Union

Analysing markets

August 22nd, 2024

Market research (secondary)



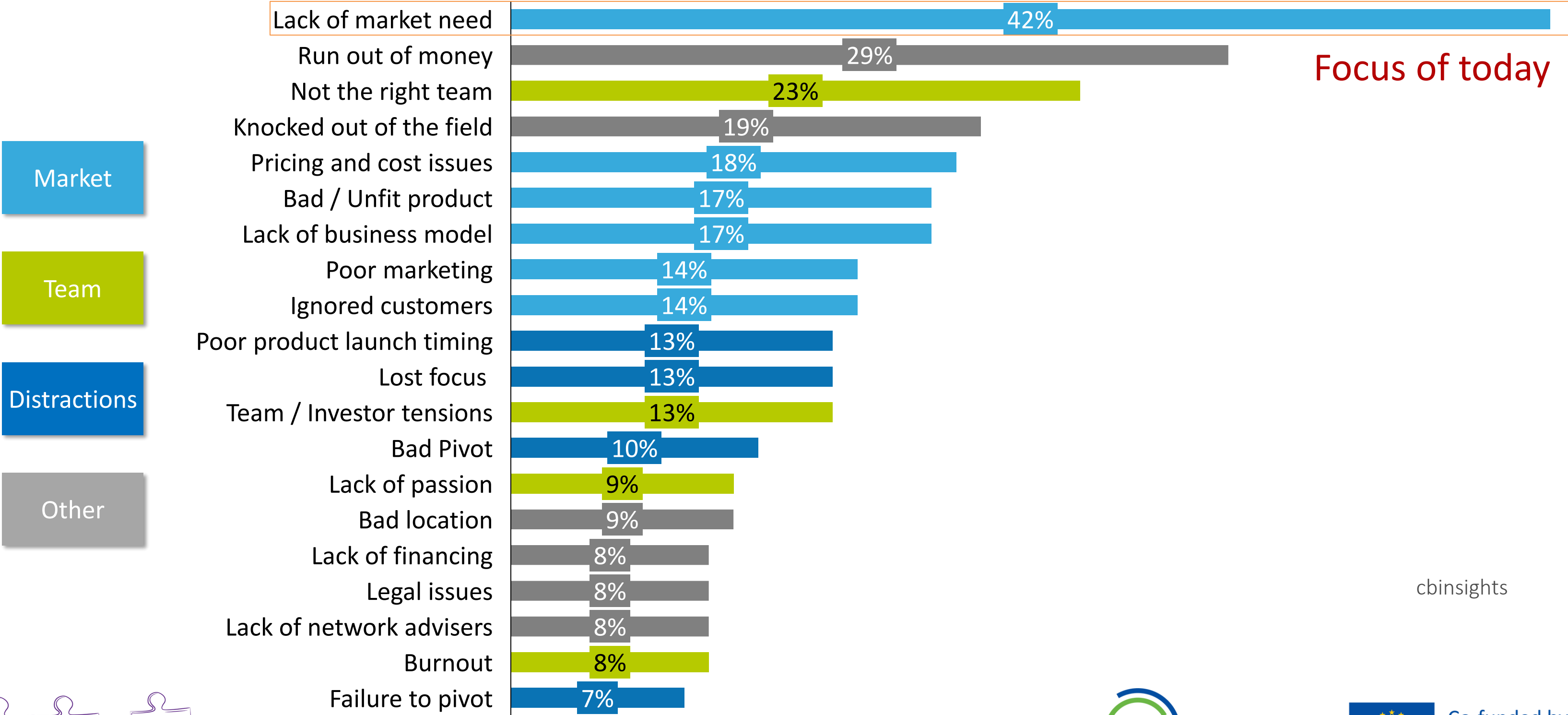
Co-funded by the
European Union



Why market analysis?

Core reasons for start-up failure: market, team, distractions and bad luck. Consider these as the main challenge areas for all start-ups

Top 20 reasons why start-ups fail



cbinsights

Actions of distractions make start-ups stuck

Distractions



Pitching Circus



Public funding



Technical
Details



Multiple business



No delegation

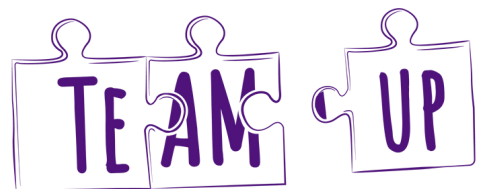


Disruption

...

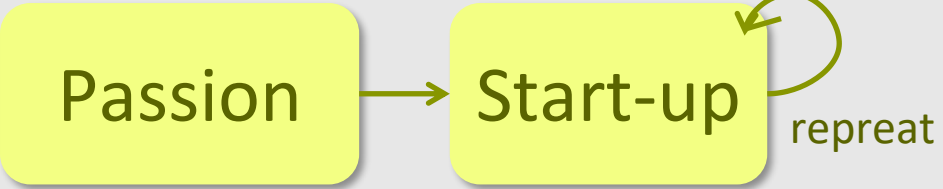
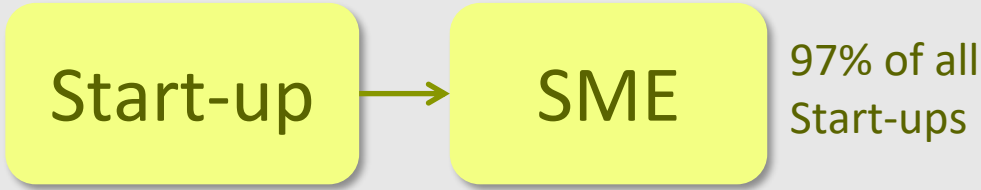
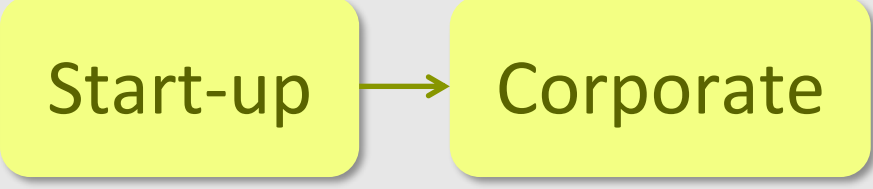

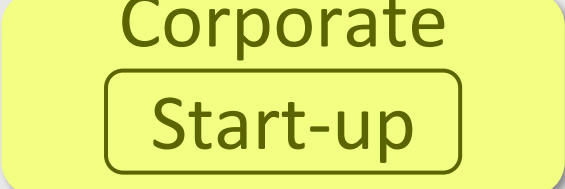
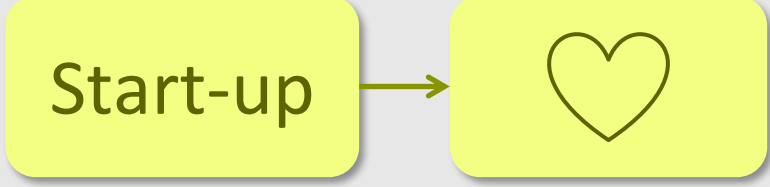
Focus

- Customers
- One Product
- Find your niche to grow
- Frigging sales, sales sales!!!!
- ...



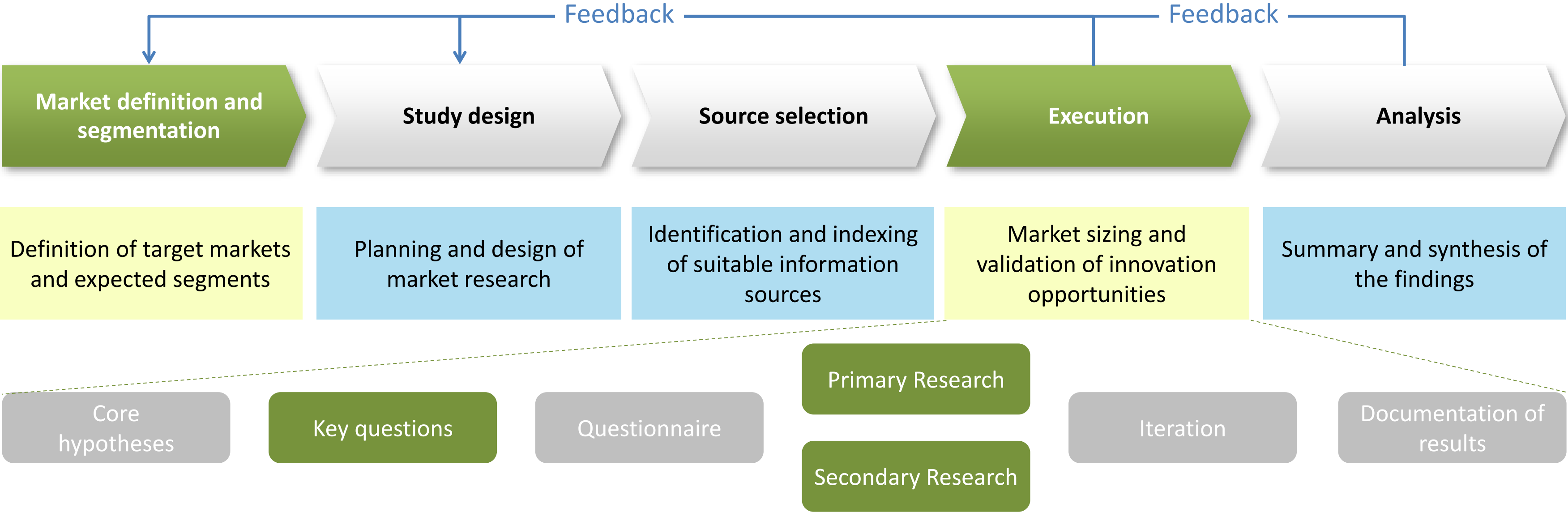
Multiple types of start-ups based on the main goals of their founders

Start-up types based on founding goals

Lifestyle Start-up <i>„Work for your passions“</i>		Example: Surf shop Start-up, wandering programmer, freelancer, etc.
Small company Start-up <i>„Work to feed your family“</i>		Example: Barber, retailer, real estate broker, etc.
Scalable Start-up (Scaleup) <i>„Born to be large“</i>		Example: Google, Facebook, Zalando, Salesforce.com, Genentech, etc.
Sellable Start-up <i>„Born to be sold“</i>		Example: WhatsApp, Tumblr, Kayak, Instagram, YouTube, etc.
Corporate Start-up <i>„Space to enable innovation“</i>		Example: Siemens Corporate Ventures, Bosch Ventures, etc.
Social Start-up <i>„Born to do good things“</i>		Example: Ashoka, BioLite, Envirofit, Milaap, TerraCycle, etc.

Market Research is an interactive process

Steps for market research

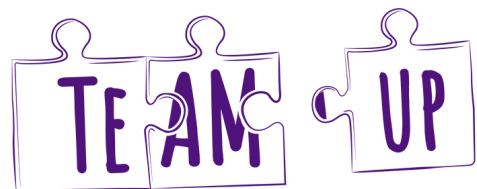
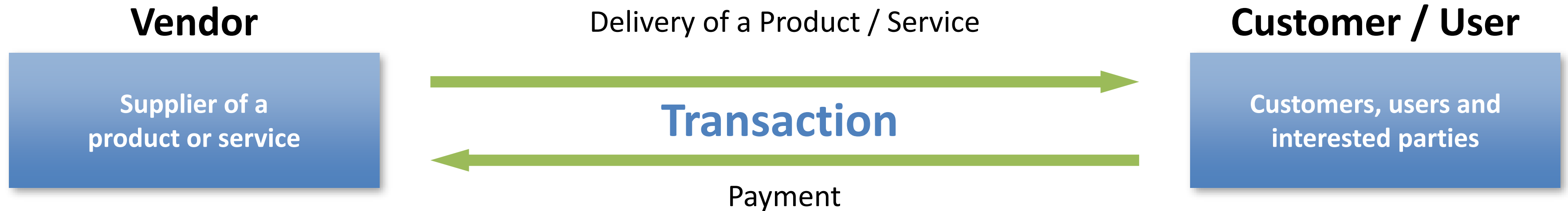




Market definition and segmentation

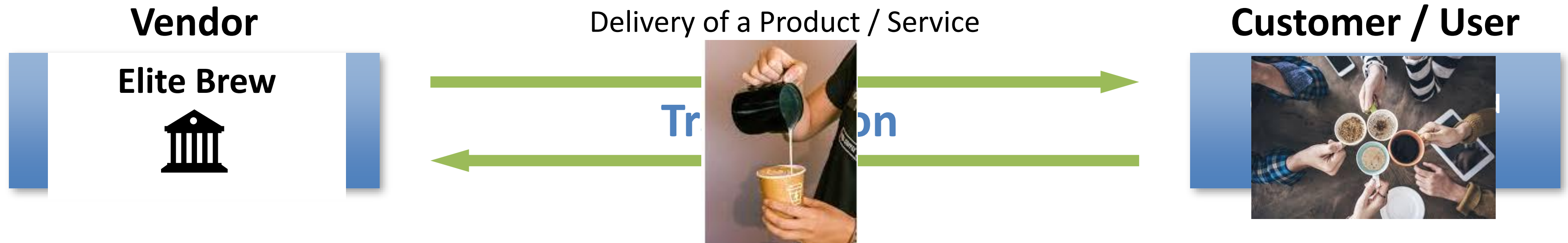
A market summarises a defined set of transactions within a given fields (e.g. industries) and/or geographic area

Market definition

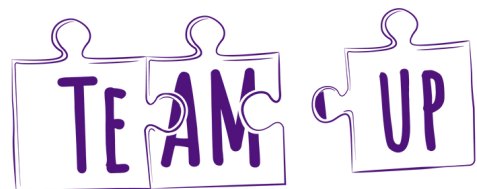


A market summarises a defined set of transactions within a given fields (e.g. industries) and/or geographic area

Market definition

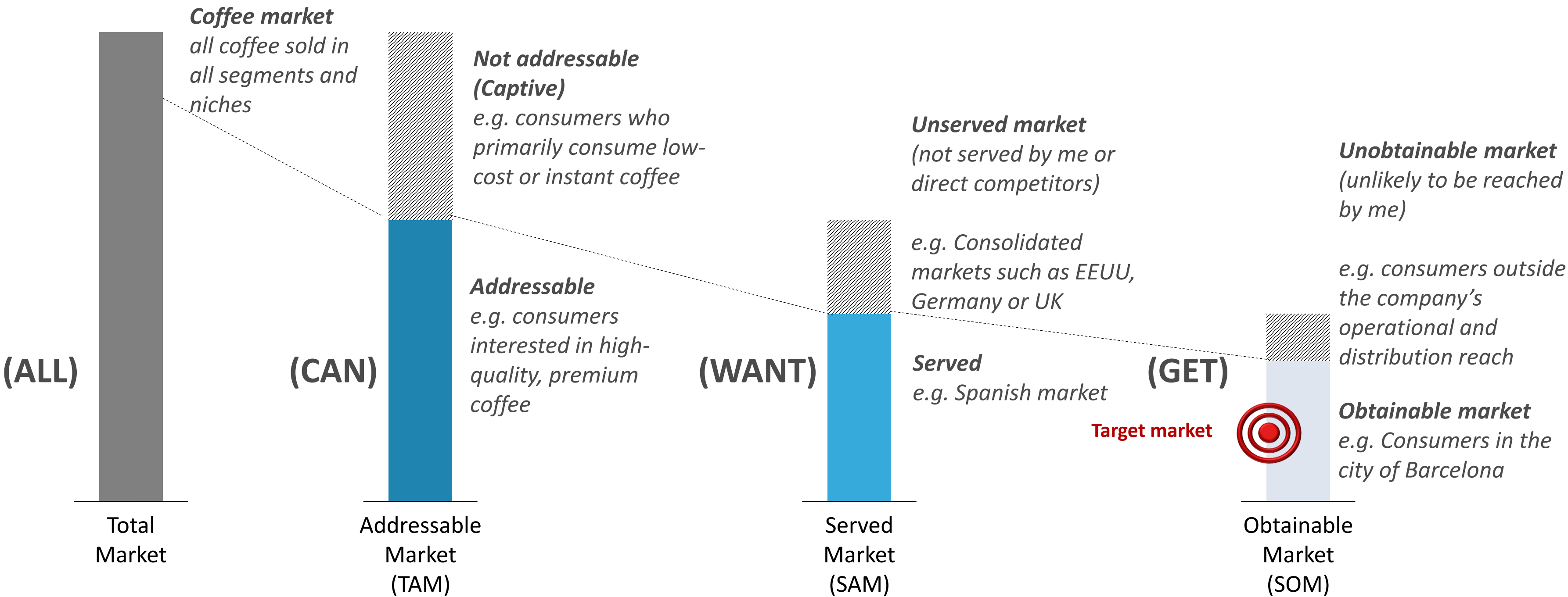


Market definition: "Elite Brew," targets the specialty coffee niche within the broader coffee market



Markets can differ greatly depending on their scope of definition

Market definition



Target market



-- ← Level of sophistication → ++



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From a market perspective, everything is segmented

Market segmentation

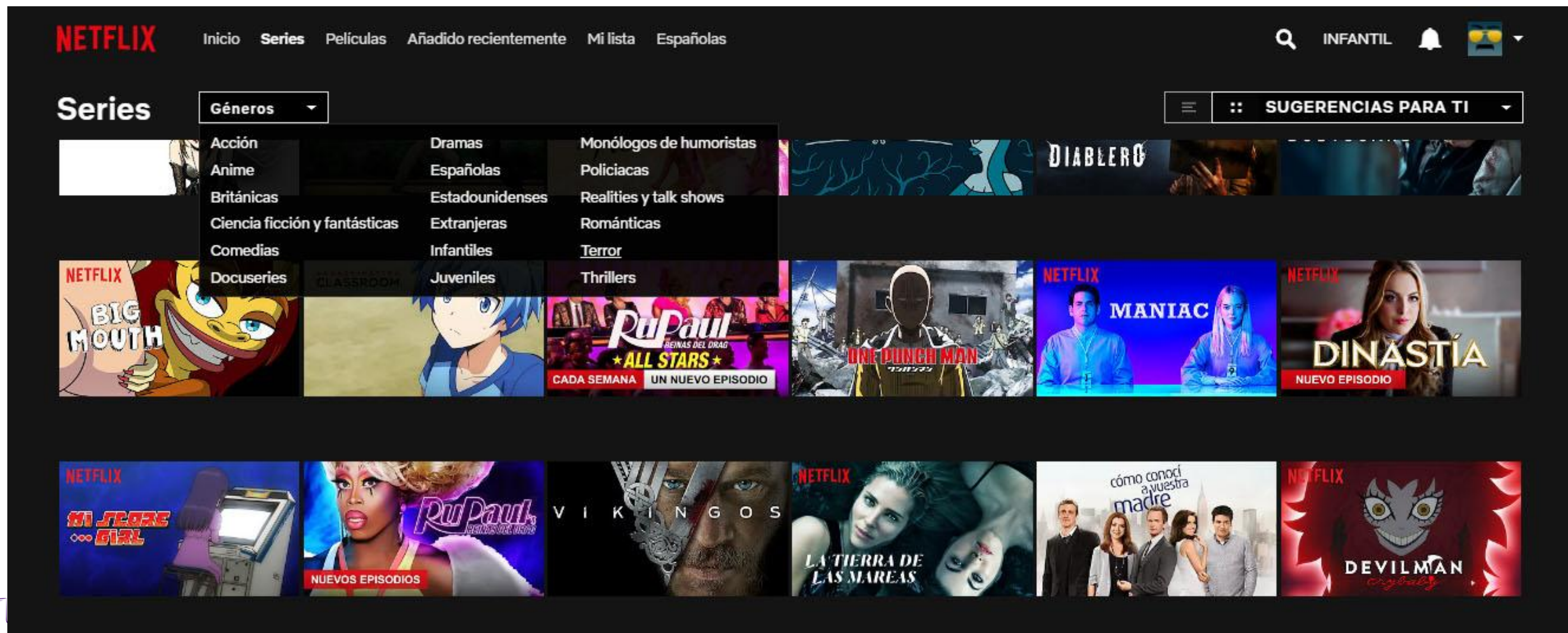
Dividing an overall market relative to its market reaction through **internally homogeneous and mutually heterogeneous subgroups (market segments)**



From a market perspective, everything is segmented

Market segmentation

Dividing an overall market relative to its market reaction through internally homogeneous and mutually heterogeneous subgroups (market segments)



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European Union

There are multiple segmentation criteria

Types of segmentation

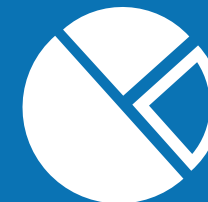
Product and
services



Technology



Application



Geography



Demography



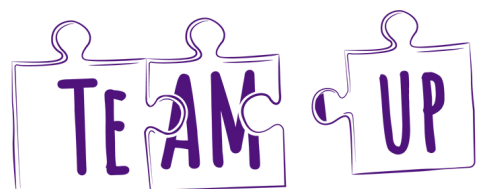
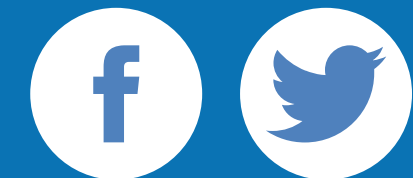
End-user



Behavioural



Psychographic



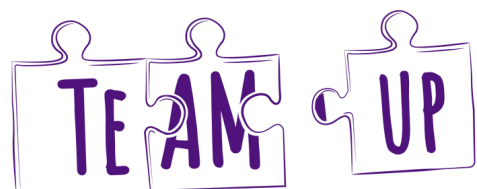
Case study: Market definition and segmentation

Insect-based protein

- Insects have the potential to produce less greenhouse gas (GHG) emissions and use fewer resources as compared to conventional sources such as plant and animal proteins. Like animal proteins, insects are rich in proteins and essential amino acids, which are easily digestible compared to plant-based proteins Sources: European Food Information Council (EUFIC)



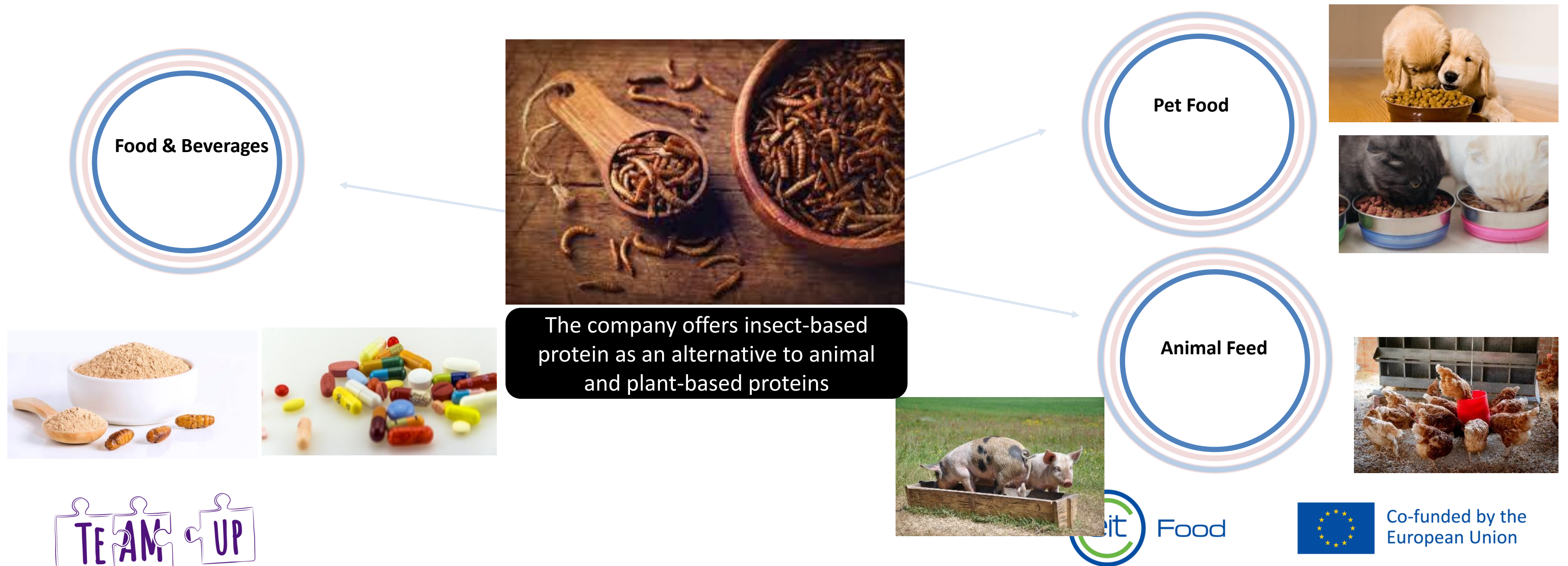
The company offers insect-based protein as an alternative to animal and plant-based proteins



Case study: Market definition and segmentation

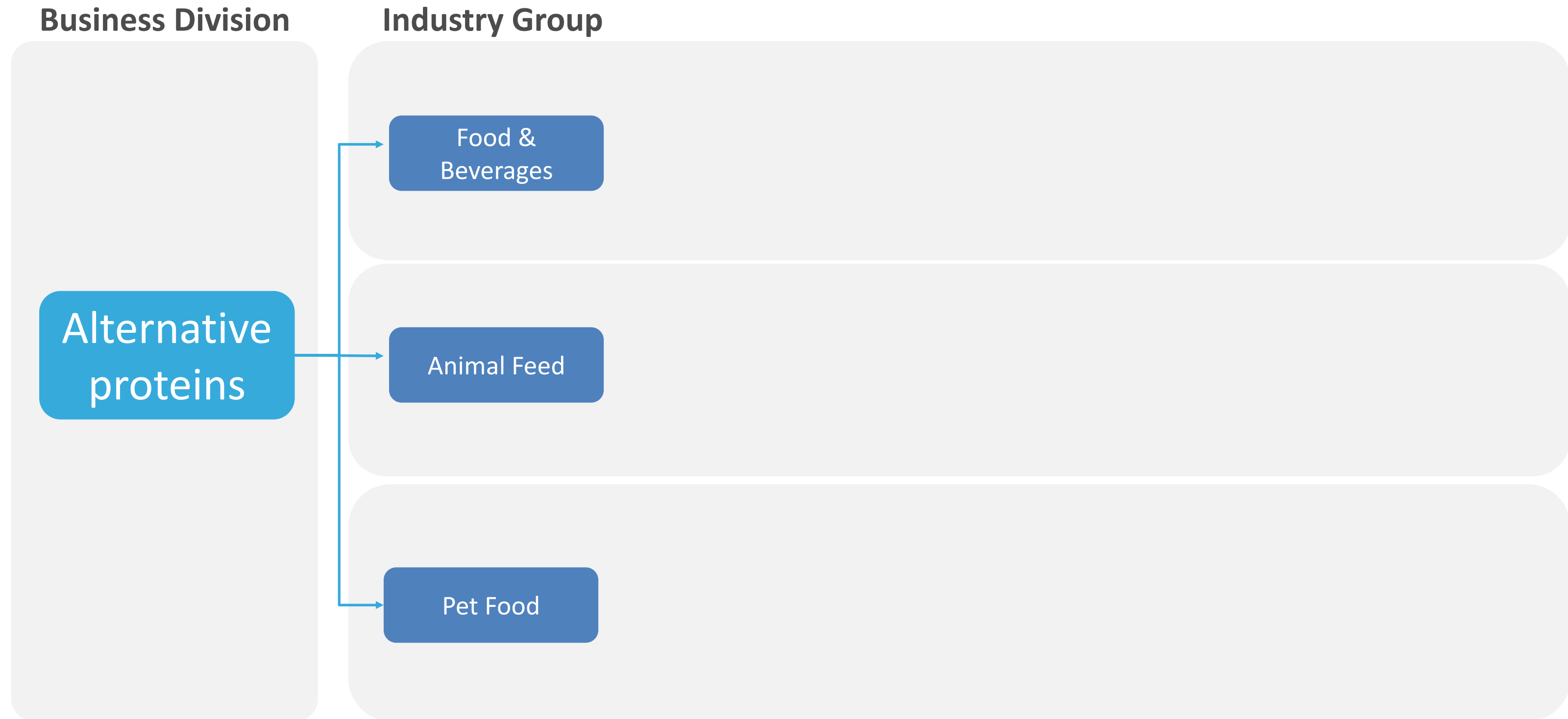
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An overview facilitates organising different products in groups, to avoid incomplete segmentation or double-counting

Market segmentation – Insect proteins



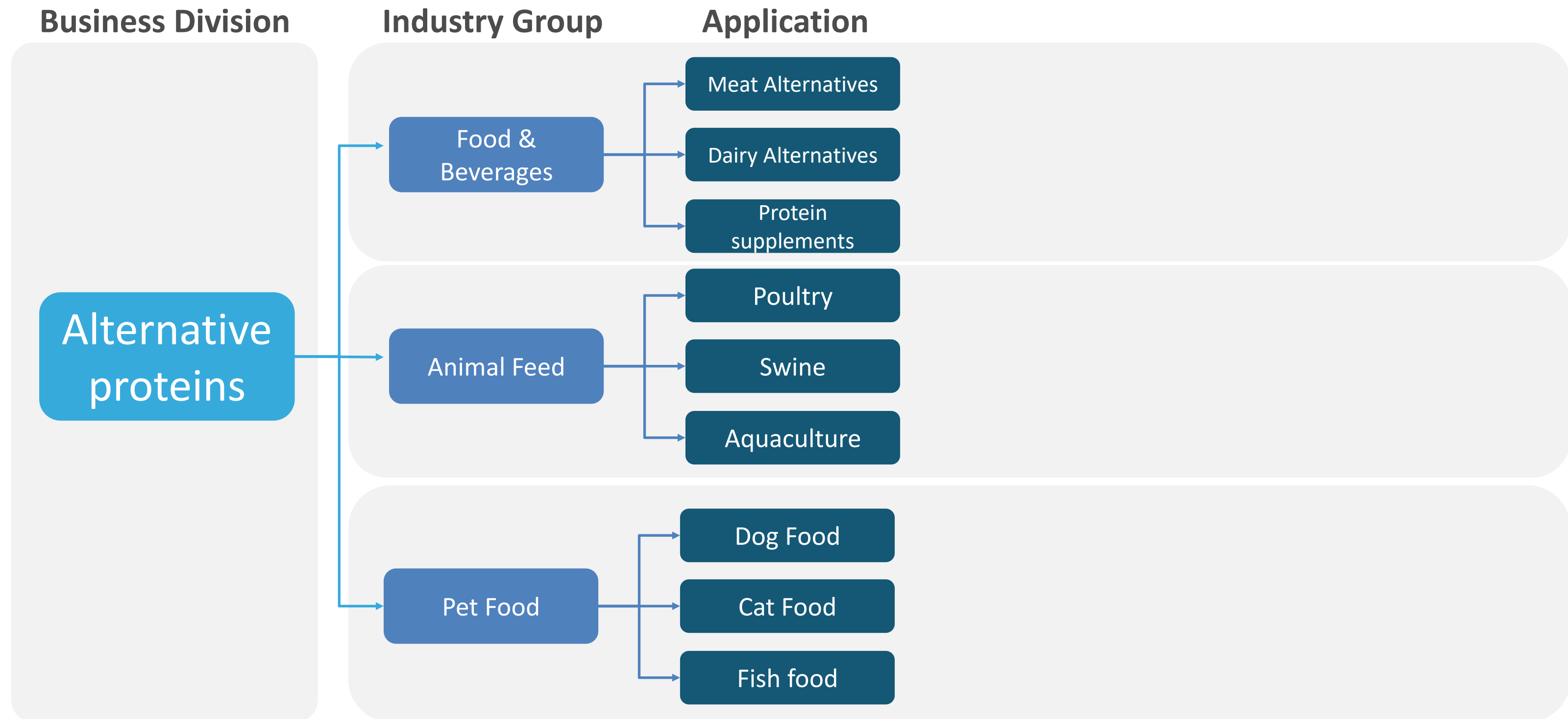
Sources: Annual Reports, SEC Filings, Investor Presentations, Press Releases, Secondary Research, Statista, Expert Interviews and Atrineo Research



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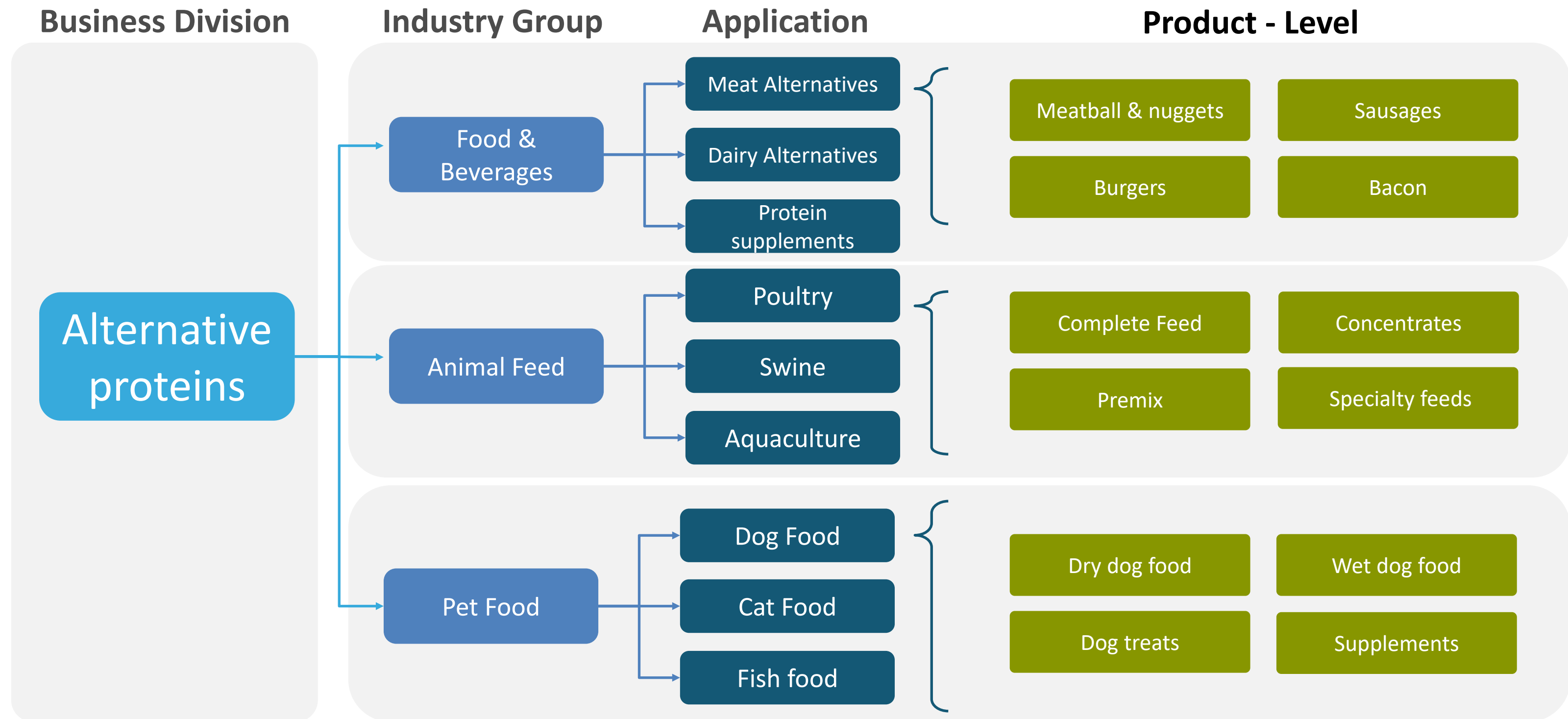
An overview facilitates organising different products in groups, to avoid incomplete segmentation or double-counting

Market segmentation – Insect proteins



An overview facilitates organising different products in groups, to avoid incomplete segmentation or double-counting

Market segmentation – Insect proteins



Market Sizing and validation

A market summarises a defined set of transactions within a given fields (e.g. industries) and/or geographic area

Market definition

Vendor

Supplier of a
product or service

Delivery of a Product / Service

Transaction

Payment

Customer / User

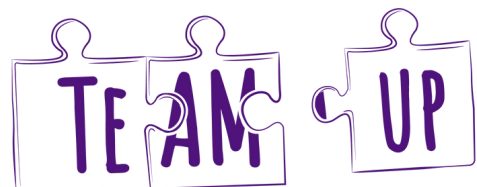
Customers, users and
interested parties

Market Volume (e.g. per year, in EUR) = Value of existing transactions **REALISTIC**

Market Potential (e.g. per year, in EUR) = #customers * price **THEORETICAL**

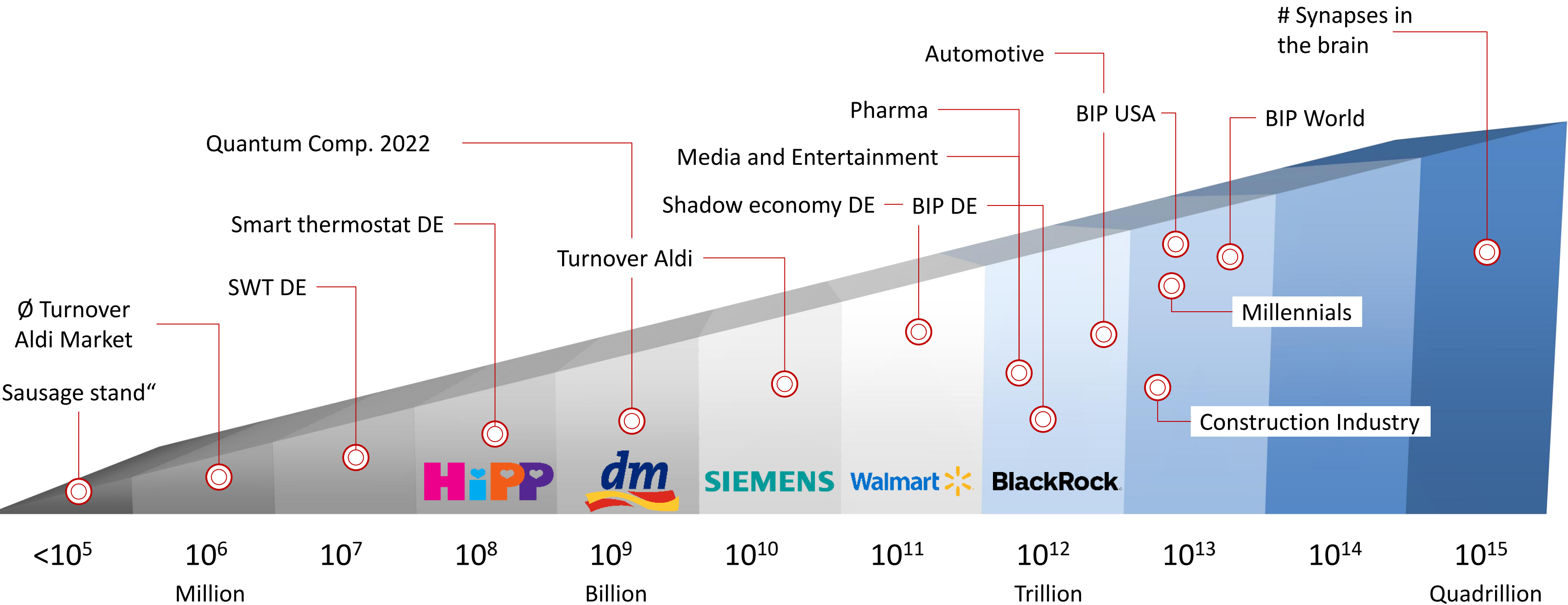
Market growth: e.g. CAGR (Compound Annual Growth Rate) or year-on-year

Note: Market size can be linked to business plan



Getting the order of magnitude right is a decisive factor for your own market research

Order of magnitude and market size



Market sizing is an exercise in collecting the right data, and figuring out how to estimate hard to measure variables

The key elements of market sizing



Many methods to estimate market sizes. Focus on the first two, but combining many of them yields the best results

Market sizing

Market Reports and
Estimates



Top Down



Sum of competitors



Bottom Up



Value Chain
(Forward and Back)



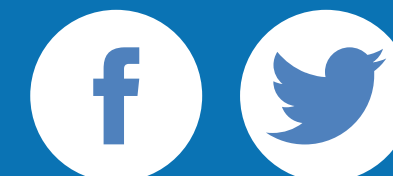
GDP Correlation



Adjacent Market
Method

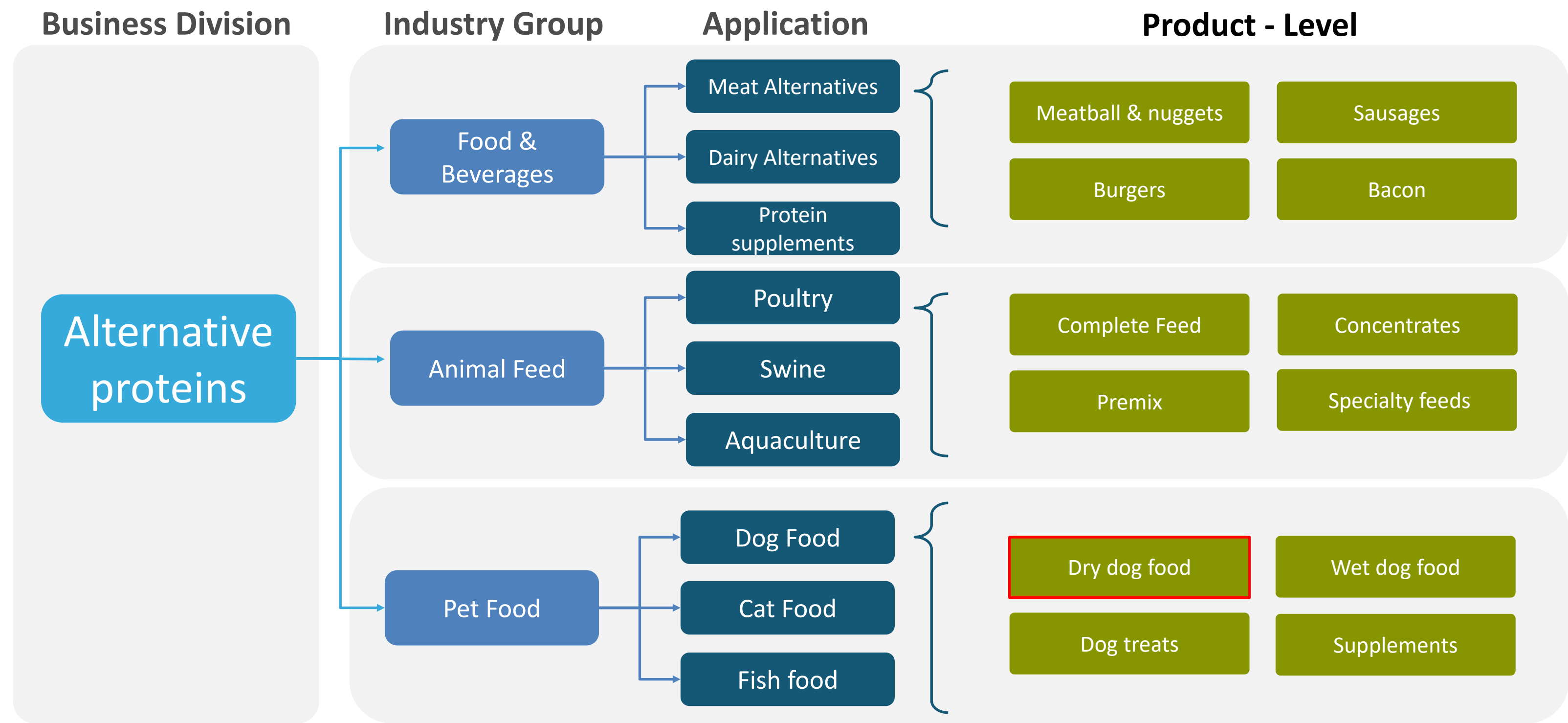


Social Media
Analysis



An overview facilitates organising different products in groups, to avoid incomplete segmentation or double-counting

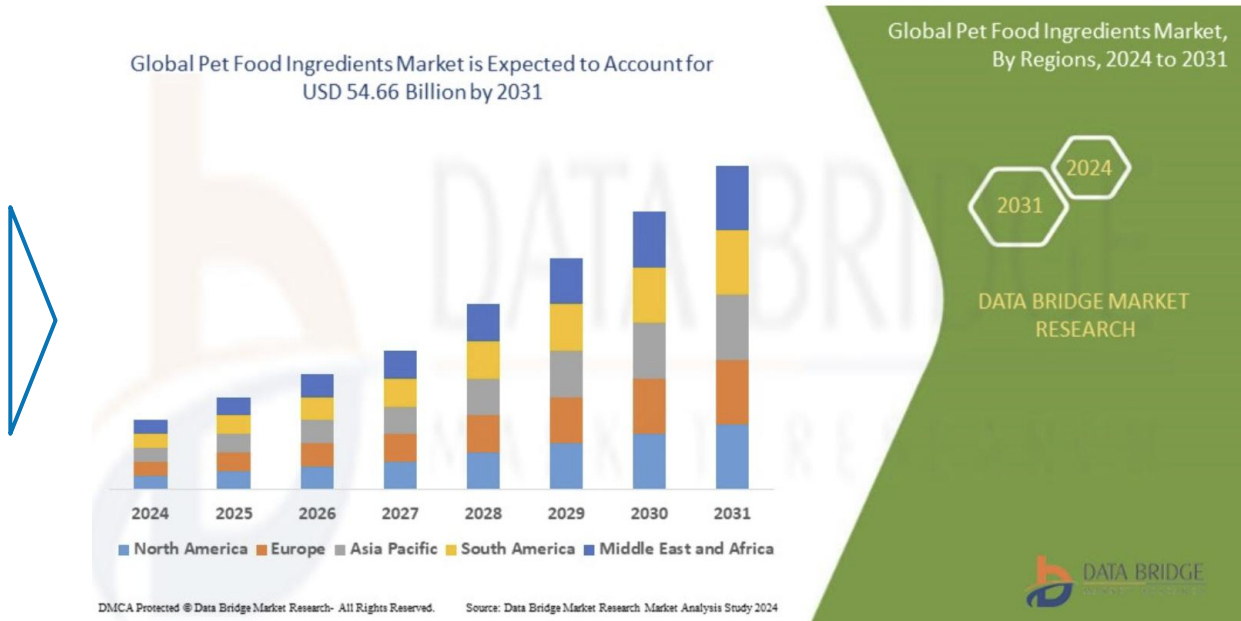
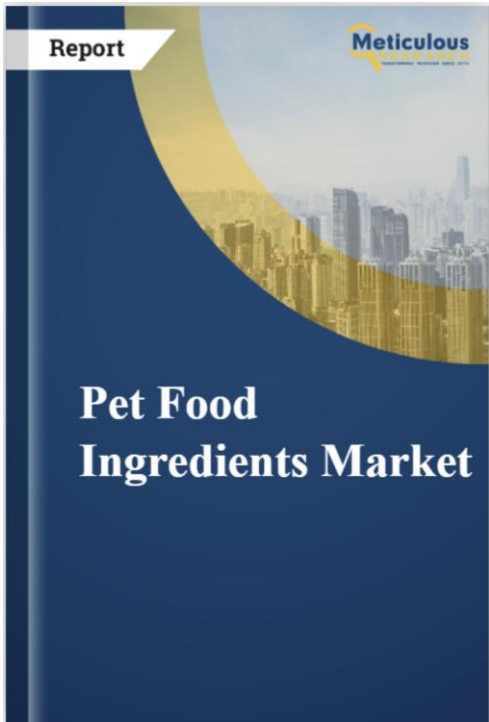
Market segmentation – Insect proteins



The market report method yields good fast results, when a trustworthy industry report is available

Example Method 1: Market reports and participant estimates

How large is the dog food market for novel ingredients in Europe?



Around 30% of European households own at least one dog



Member of EU pet association

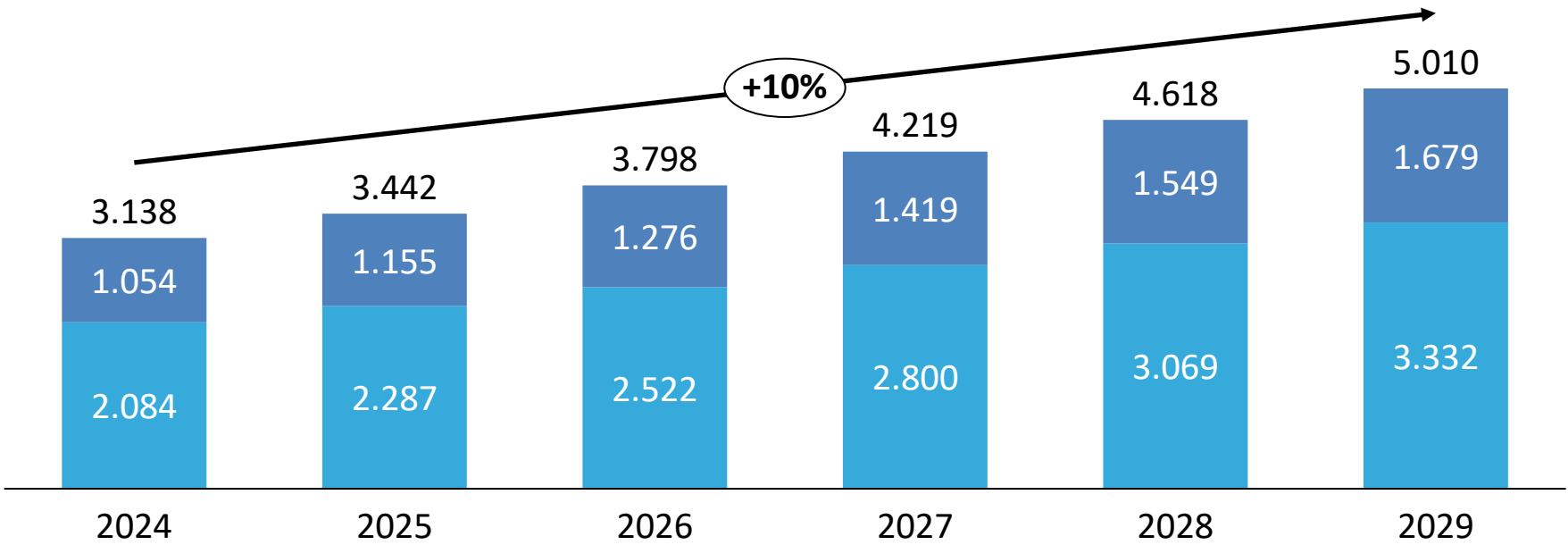
20% of dog population suffer from some dietary intolerances and allergies



Expert in animal nutrition

CAGR 24 - 29

9,8% Europe
9,9% RdW








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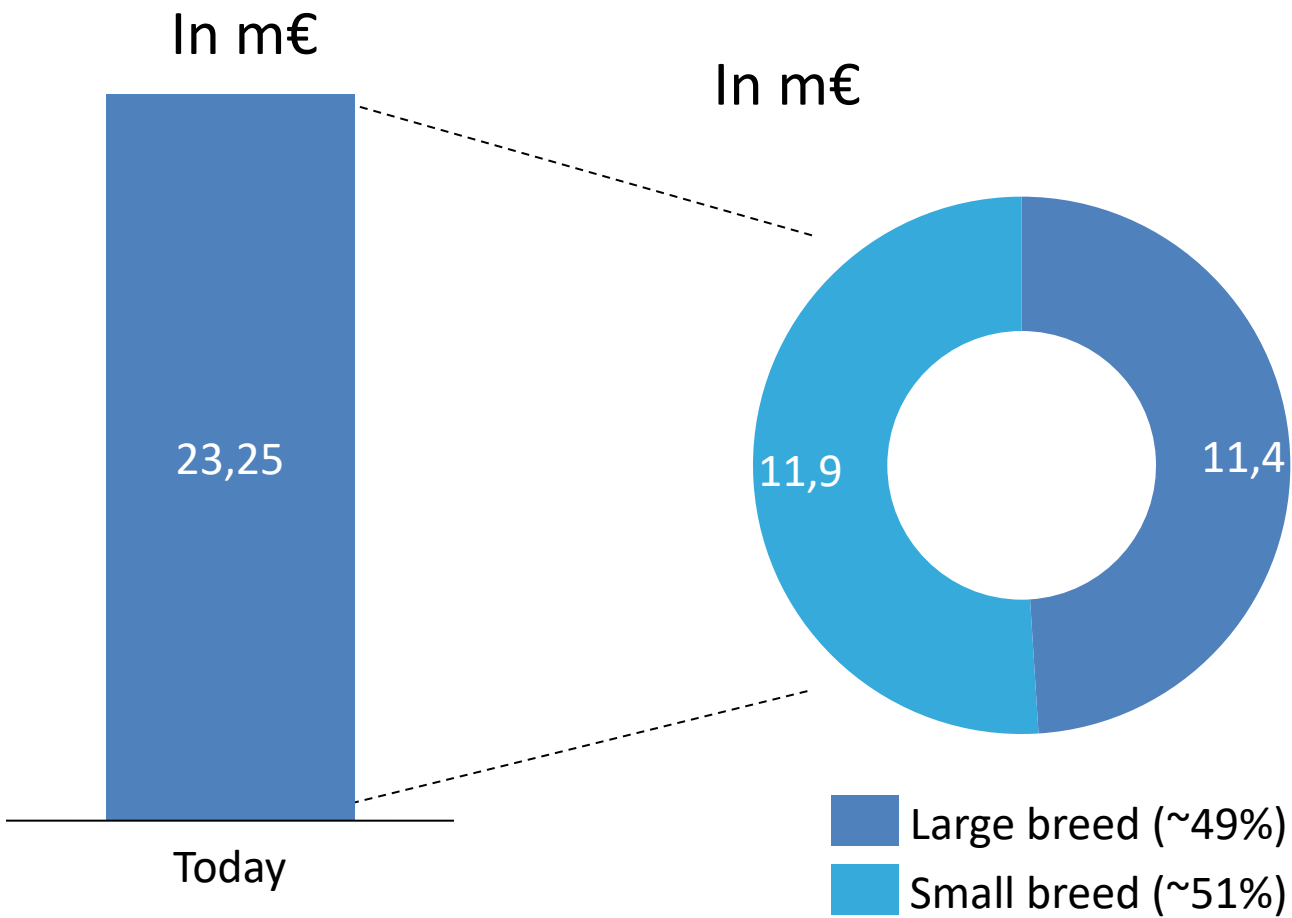
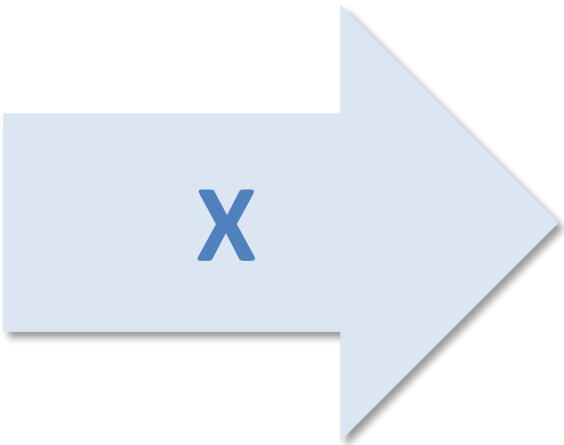
With the right boundary condition, the Top-down method allows a very fast estimation of potential

Example Method 2: Top-down



Potential for a novel protein dog food

	Dog Population	9,3
	Prevalence rate	20%
	Rate of diagnosis	10%
	Purchase rate	25%
	Expenditure / dog	500€



Method is useful for a multitude of markets and applications, e.g. :



Lighting



Furniture / Home



Pharma



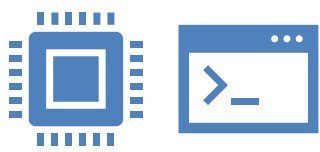
Telecom



Automotive



Aerospace



Hardware / Software

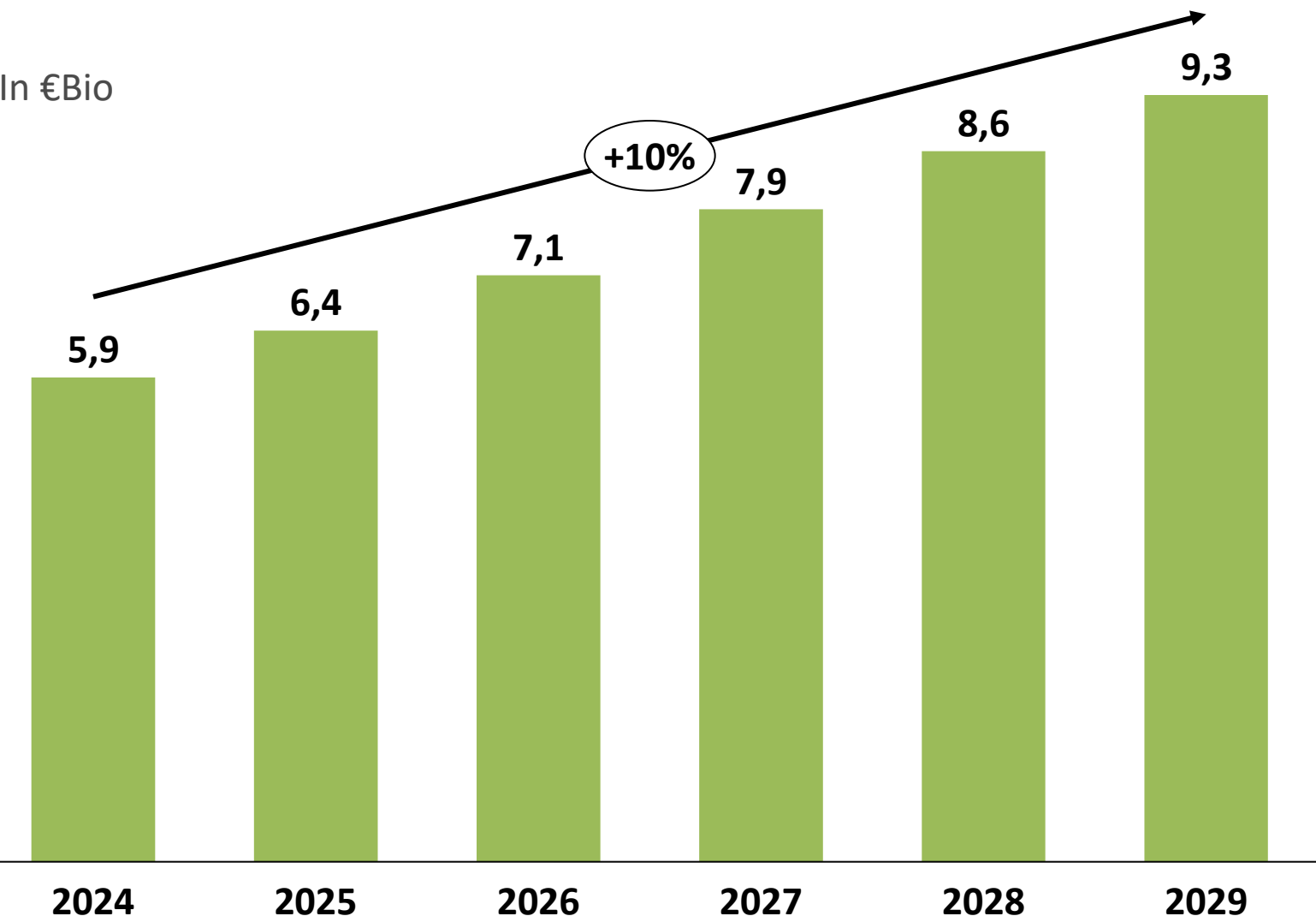


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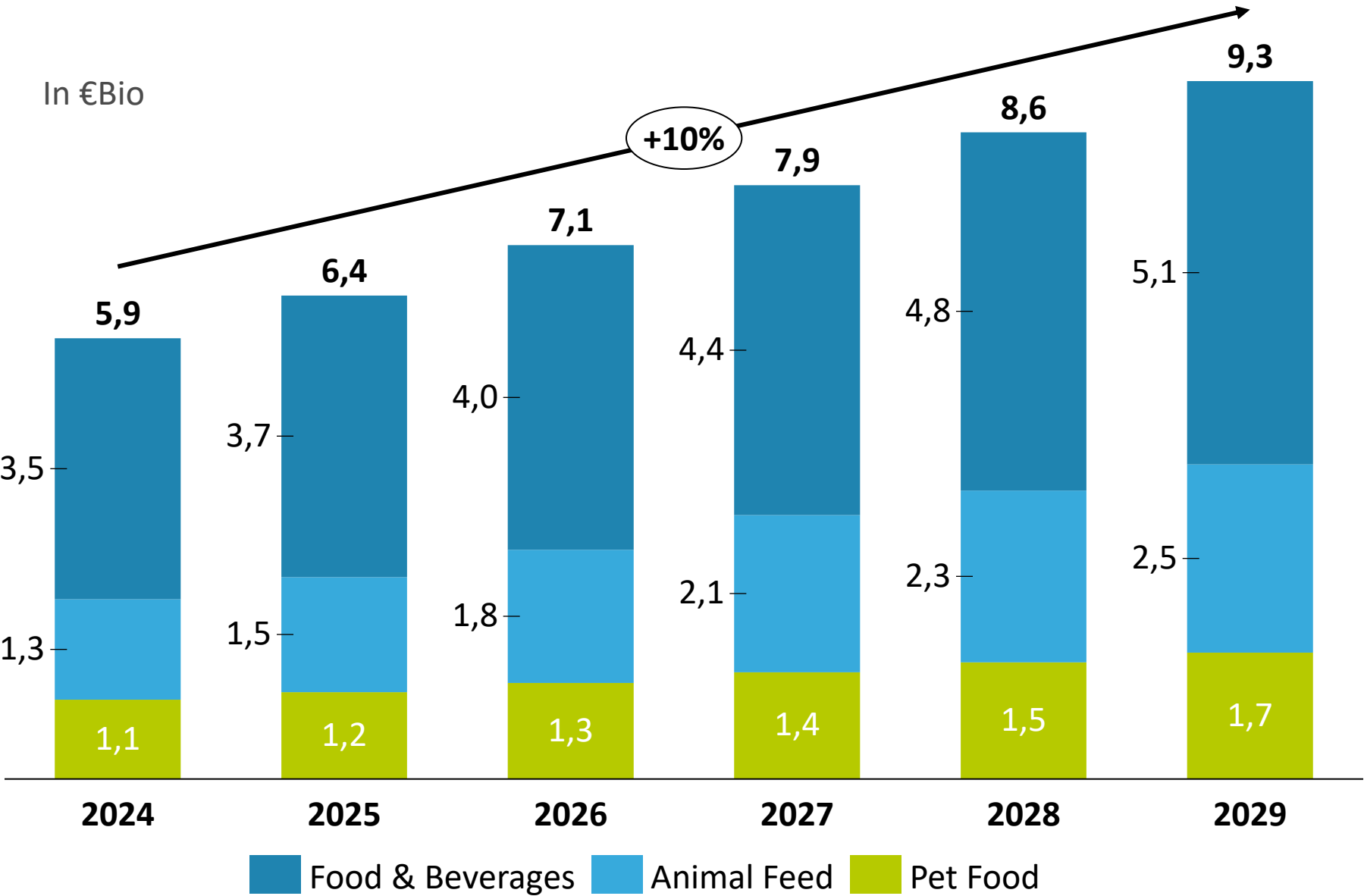
Market sizing

Consolidate into a final result

European alternative protein market

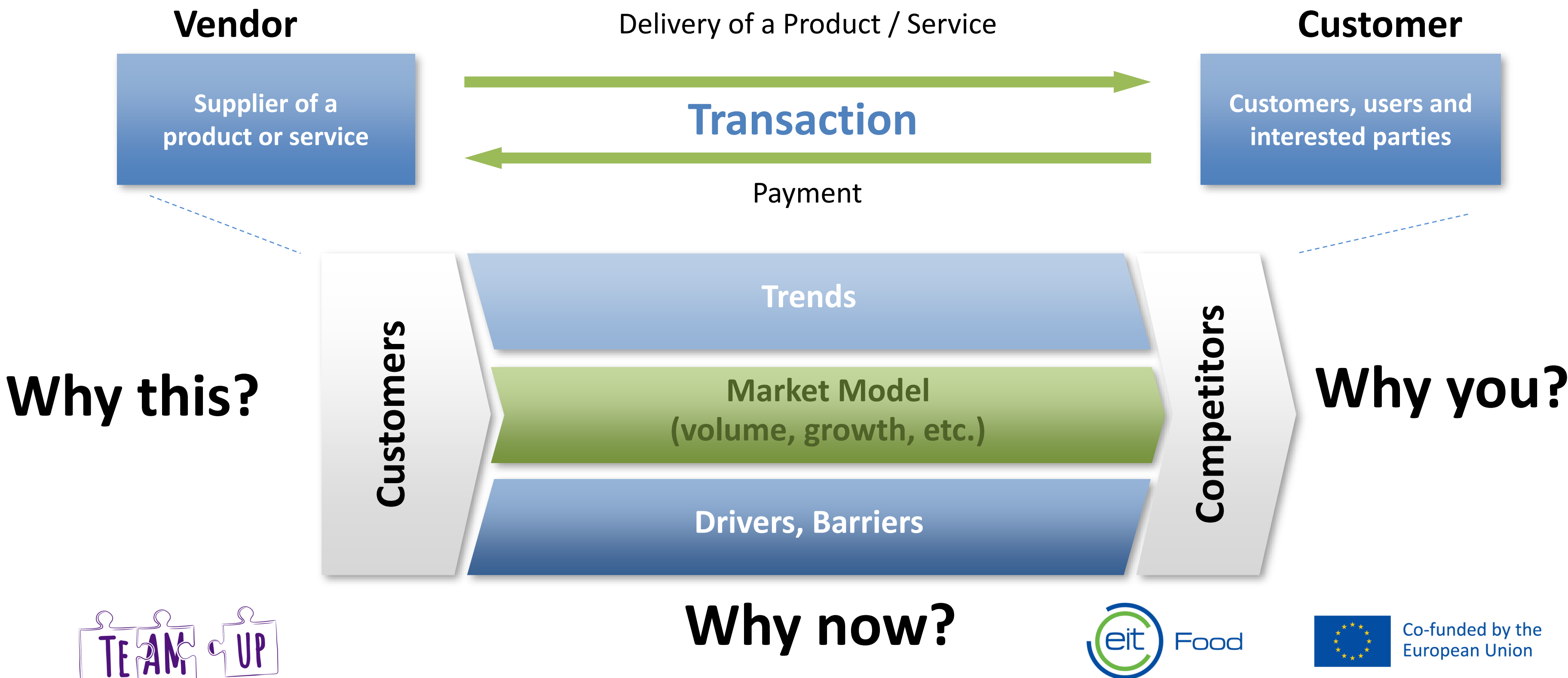


European alternative protein market, by application



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

Composition of a fully fledged market study



Guiding questions support e.g. the validation of innovation opportunities

What to derive from a market analysis?

- 1 What is the market volume (potential) and growth (add and verify numbers)? **Why now?**
- 2 What are market trends and technological trends with regards to your solution **Why now?**
- 3 What are future challenges with high pressure to be solved (technological, social, political)? **Why this?**
- 4 Is the problem a real challenge (pain point) of the target group (or within the field)? **Why this?**
- 5 What is the additional value for my target group vs. existing solutions? **Why you?**
- 6 What are alternative solutions? Who are my competitors? **Why you?**
- 7 What are risks and barriers to enter the market (e.g. regulations)? **Why now?**
- 8 What are “innovation drivers” of the target group (when do they buy or invest)? **Why now?**



Two main types of data for market research. Both become more powerful in combination as they reinforce each other

Primary Data vs. Secondary Data

Market Research Data

Fact and figures collected and analysed and combined with assumptions

Secondary Data

Public / existing information
collected by others

Government statistics

Industry associations

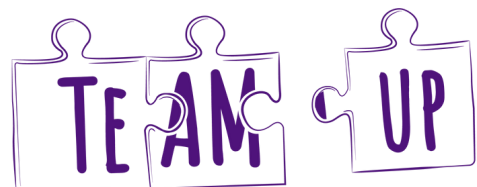
Trade publications

Company websites

Market research reports

Primary Data

New information collected directly



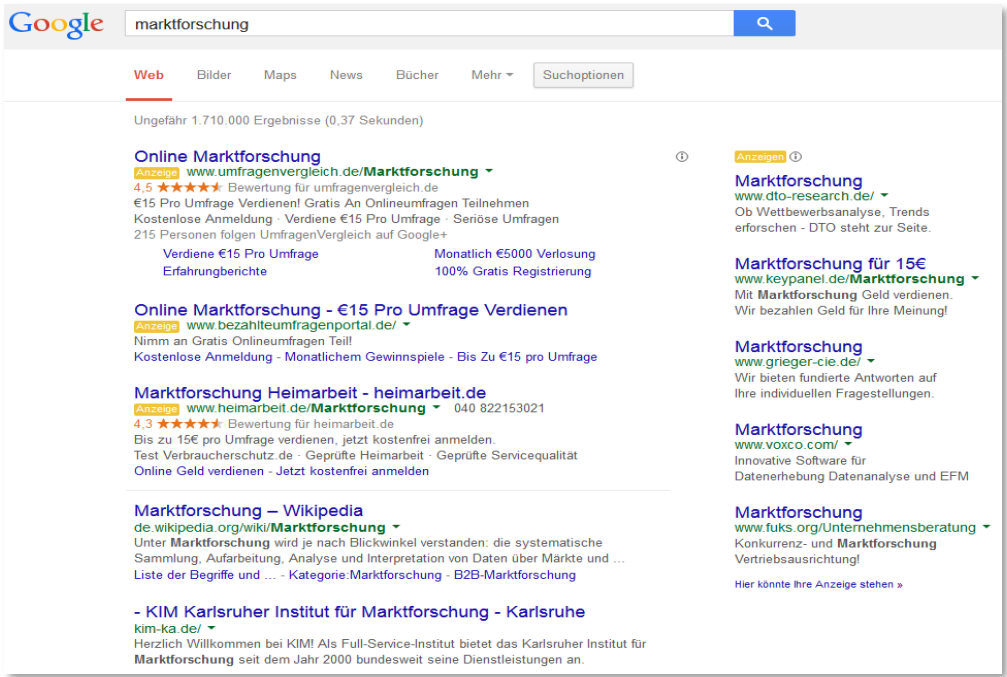
Secondary research is strongly dominated by search engines such as Google, but needs to go much further

Secondary research

General Large Language Models



Top3 Results



Now what???

- 1. Google properly (e.g. Google synthax)
- 2. Intelligent googling (combination of key words and at least read the Top10)



GPT-4

OpenAI



Llama 3

Meta



Gemini

Google



Claude 3

Anthropic



Minstral 8x22B

Minstral



Fuyu-Heavy

ADEPT



BLOOM

HuggingFace



Grok-1.5

x.AI



European Union

There is a selection of specific tools which can have clear regular use cases for market research. This is a sample of the best-in-class ones

AI Tools Overview



Perplexity

Knowledge
discovery



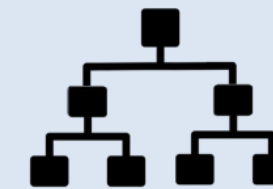
Statista

Market analysis



Crunchbase

Market analysis



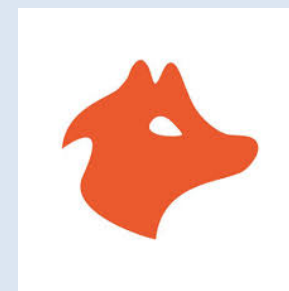
Heuristi.ca

Conceptualisation
and mindmaps



Apollo.io

Prospect outreach
and engagement



Hunter

Prospect outreach
and engagement



Elicit

Research questions



Browse AI

Data extraction /
scraping



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Practice



Secondary research collects the initial market information; keep it simple for success! Calculate your market size

Practice

1 Define your transaction

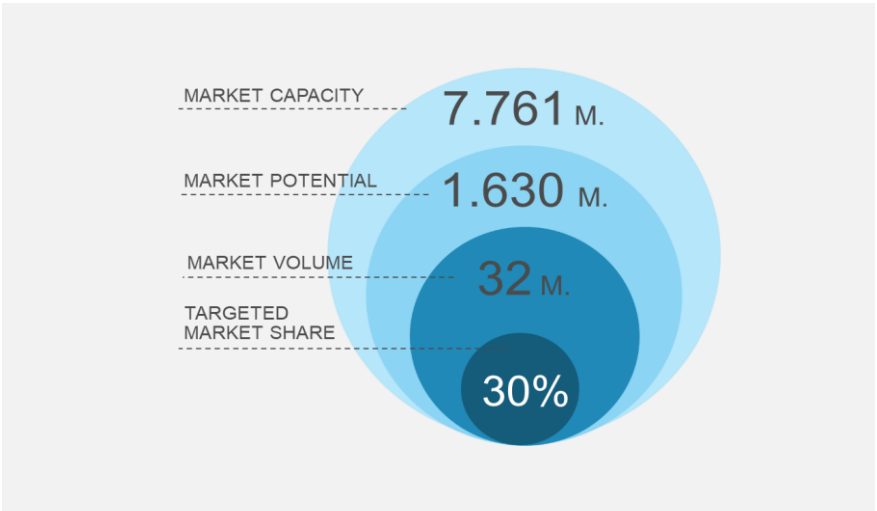


2 Calculate market volume / market potential (2 methods)

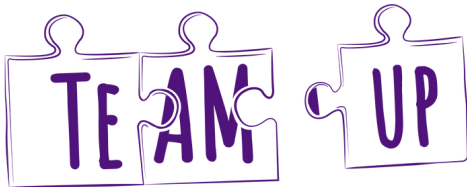


Reports
Company presentations
Statistics
Graphs

Start with "[my solution] market (statista)"



Market Reports and Estimates



1 Product Name: ____

2 Product explanation:

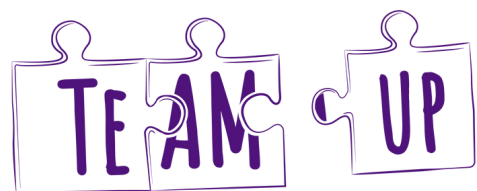
- ...

3 Market definition and segmentation:

Total market	
Total addressable market	
Possible market segments	
Selected market segment	

4 Market estimation

- Sources found/used
- Assumptions made
- ...
- Result: xy € per year



Excercise

Team work



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

Conclusions



Six things to remember when estimating markets...

Many years of experience show...

Lesson 1:

A market is yet to be found that cannot be estimated...



Lesson 2:

For a startup at an early stage, market size might as well be infinite...



Lesson 3:

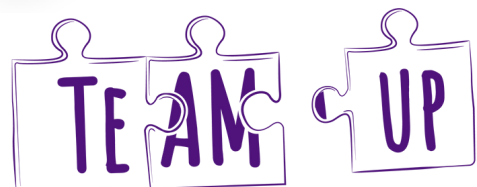
Market sizing is 70% segmentation and 30% adding up



Lesson 4:

Sizing methods yield the best results in combination

1 + 2 + ..



Lesson 5:

Without primary research (interviews) validity decreases dramatically



Lesson 6:

Market research in a team is faster, easier and more accurate. Everyone in a startup should join in!



Thank You



Vikesh Chugani

Innovation Manager

Atrineo AG

Barcelona

vc@atrineo.com