

Review

This unit focused on market analysis for start-ups. It introduced the concept and stressed the importance of this activity. It highlighted particular challenges faced by entrepreneurs. The unit then focused on presenting simple, practical and useful tools to help analyse the market.

Key stages in market analysis are:

- segment the market and evaluate its effectiveness;
- analyse the external environment;
- analyse the internal environment and
- position the product.

Market segmentation approaches include:

- Demographic segmentation
- Geographic segmentation
- Psychographic segmentation
- Behaviouralistic segmentation

Your market must be:

- identifiable;
- accessible;
- substantial;
- possesses unique needs, and finally
- durable.

Once you have an idea of the market that you are interested in, you can proceed to a more detailed market analysis. You can do this by conducting an **external analysis** which examines the environment, the industry and the competition. You can then examine the **internal operating environment** of the organisation. Tools for external analysis include PEST and Porter's five forces. Tools for internal analysis include SWOT and TOWS. The next and final step is to **position your product** relative to others in order to target your customers.