

## Calculating Market Size

The goal in calculating the market size is to try to figure out how many people will buy your product each year. There are a lot of different ways to calculate market size, and NONE of them are perfect 😊 Below we list one way you can think about market size but you can look in books, talk to business people and/or do some research online to find out about others.

Calculating Market Size:

1. Think about who will buy your product. For example:  
Kids in the US age 10 – 15.  
Women in the US over 35.
2. Determine how many of those people live in the US.  
Put that number here \_\_\_\_\_ (A)
3. Think about how often those people buy something similar to your product. For example:
  - Some people buy a cup of coffee every day.
  - Some people buy a car once every 10 years.

Determine how often products similar to your product are purchased each year.

Put that number here \_\_\_\_\_ (B)

4. Think about how much they will pay for your product or products like it.  
Put that number here \_\_\_\_\_ (C)
5. Calculate the amount of money spent on products like yours each year ( $A \times B \times C$ ).  
Put that number here \_\_\_\_\_ (D)

The number in space “D” is your market size. Of course, you can’t expect to “capture the whole market” (in other words, have everyone just buy your product) but generally people estimate that they can “capture” 1 – 10% of the market.

How much of the market do you think you can capture? How will you do that and how much money will you make each year if you do?