

Lecture 12

Venture feasibility – Technical and Marketing

Technical Feasibility

The technical analysis concerns the projects inputs (supplies) and outputs (production) of real goods and services. It is extremely important, and the project framework must be defined clearly enough to permit the technical analysis to be thorough and precise. The other aspects of project analysis can only proceed in light of the technical analysis, although the technical assumptions of a project plan will most likely need to be revised as the other aspects are examined in detail. Good technical staffs are essential for this work; they may be drawn from consulting firms or technical assistance agencies abroad. They will be more effective if they have a good understanding of the various aspects of project analysis, but technical staff, no matter how competent, cannot work effectively if they are not given adequate time or if they do not have the sympathetic cooperation and informed supervision of planning officials.

Marketing Feasibility

I. INTRODUCTION

- A. Describe your background, relevant experience
- B. Your goals and objectives: at least sales and net income, time frame

II. PRODUCT MARKET DEFINITION

- A. Customer Need – Discuss the fundamental, underlying customer need.
- B. Generic Product Class – Discuss the category of product types which customers believe are substitute in satisfying the underlying need.

III. CUSTOMER PROFILE

1. If your product competes directly with other brands within one product type, develop a profile of customers who buy or may buy this product type.

2. If your product is a unique offering and the only member of a product type, then describe the customers who buy your product as well as customers of what you think are the closest substitute(s).

Justify your choice of (1) or (2) and develop a customer profile.

3. Description of Customers – Describe the market segment.

-For consumer markets:

First, segment the market on benefits sought. How does the customer want to satisfy the need identified in #2.

Then describe the market segment in other ways: usage situations, usage rates, activities or interests, demographics, life-style, etc.

- For industrial (organizational) markets:

First, segment the market on benefits sought. How does the customer want to satisfy the need identified in #2.

2? Then describe the market segment in other ways: usage situations, usage rates, activities or interests, demographics, life-style, etc.

IV. COMPETITOR PROFILE

A. Industry Analysis

- Industry structure
- Industry size and growth rate
- Anticipated industry changes
- Industry marketing practices

B. Key Competitors (those with the biggest market share OR those whose offerings are the closest substitutes for your offering)

- (1) If the your product competes directly with other products at the brand level within one product type, then key competitors are those firms which sell offerings of this product type.
- (2) If the client's product is a unique offering and the only member of a product type, then key competitors are those firms which supply the product which customers believe is the closest substitute.

Justify your choice of (1) or (2) and develop a key competitor profile. Be sure you analyze the firm and not the product.

- Describe key competitors
- Discuss their major strengths and weaknesses
- Analyze their goals, objectives, and likely moves if you enter

V. MARKET SIZE ESTIMATION

Describe method used, its limitations and your assumptions. You may want to create a range of potentials / forecasts based on different assumptions.

A. Market Potential & Market Forecast

What is the potential (upper limit on total units sold or sales dollars under ideal conditions) for this market (i.e., product type)? What is the market forecast (total industry sales that can be realistically expected under conditions)?

B. Sales potential & Sales Forecast

What level of sales might your firm be able to achieve under ideal conditions? What level of sales can your firm expect to achieve given competition, capabilities of firm. etc.?

VI. EVALUATE THE MARKET OPPORTUNITY

Your evaluation of whether this is a good opportunity and why?

- How well does your product offering meet customer wants/requirements?
- How well are competitors meeting customer wants/requirements?
- How well does the opportunity meet the client's expectations?