

WORKSHEET

Q-11: CAN YOU MEASURE YOUR PRODUCT'S TRUE SALES POTENTIAL?



It does you no good to convince yourself that there is a potential market for your idea. Besides knowing how you are going to sell your product, (e.g. website, sales reps, distributors, direct sales) you need to nail down where you are going to sell it. In other words how many stores, or what we call “front doors” can you identify that would make a good home for your product?

When it comes to selling simple products, total market size is hard to pin down. Counting front doors is the best place to start. You won't know all of them, especially the independent retailers that aren't part of a chain. If you use sales reps and distributors they will know where to find the independents, so you can work on those later. For now you can start by identifying the chains and their total front doors. For example in 2017 Walmart has 3800 super centers (front doors). Target has 1500 stores. If your product is a good fit for one of their departments, add them to your list of potential locations.

When we started with Sneaker Balls, our *potential* market was any front door that sold shoes. Then we narrowed it to the subset of stores that sold athletic shoes. Athletic shoes can be broken down into types such as sneakers, running shoes, basketball shoes, tennis shoes and so forth. We needed to find the number of retail stores (front doors) in the US that sold athletic shoes and accessory products. We looked at major chains as well as independent shoe stores to estimate the size of the market.

We also looked at the estimated sales for odor removal products for shoes and the stores that sold those products. This widened our market potential to shoe repair stores and pharmacies such as Walgreen's and CVS who have shoe care sections in their stores.

Online sources for market research like *IBISWorld* and *Chain Store Guide* simplify the research for you by gathering all the information and putting it into a report you can purchase. But they are expensive. A single report about the Athletic Store Shoe Market in the US costs \$925 from *IBISWorld*. *Chain Store Guide* costs about \$1500 per year to get the names and phone numbers of chain store buyers. Check with your local library to see if they have it.

Here's how to get started locating front doors that are right for your product. Obviously, if you have a hardware product, you know about Home Depot, Lowes, Ace Hardware and stores that have hardware departments such as Walmart, Target and Kmart and Sears. You can Google the question: "How many stores does Walmart (or any chain) have?"

VISIT BRICK AND MORTAR STORES

Visit the local mall and look for stores that carry your category of product. Look up each retailer you discover on your smartphone and research the number of their stores. Stop in and get any literature they have available that tells you about them.

1. Determine if it is a chain store or a local/regional boutique.
2. Ask a manager for the total number of stores in the chain.
3. Ask what they consider to be good sales for a product in their stores.

RESEARCH ONLINE

- Use Google or Bing and search: List of retailers in the US that sell _____ .
(Fill in your type of product)
- Try About.com and search: List of _____ stores.
(Fill in your category.)
- Try a website called Ranker.com to search for top stores in your category.

Using our Sneaker Balls category as an example, here is a listing for shoe stores from Ranker.

(Source: <http://www.ranker.com/list/shoe-stores-companies/reference>)

This is a place to start learning about the stores that may become your customers.

#1 in the Ranker Shoe Store List is The Bakers Footwear Group, Inc.

If you google The Bakers Footwear Group, Inc., you will see two valuable resources after their website listings.

The first is Bloomberg.com

Bloomberg gives a description of the target market for Bakers and shows there are 218 stores. They filed for bankruptcy in 2013 and were bought by Zigi shoes.

The company currently sells shoes under the names of Bakers and Wild Pair. It also sells private labels and national brands. The company address, phone numbers, website address and number of employees are shown at the bottom.

Next is the NASDAQ overview

Some information is dated, but there is a tab on the NASDAQ page called Competition. If you click that tab, you will see a list of other shoe stores that you may wish to research as possible customers. You can also view their current stock price.

It takes a lot of time to study the market, so be prepared to put in the work so you have a genuine understanding of the world you are about to dive into.

You can make your spreadsheets as detailed as you wish. Design something that you will use as a reference for the stores you plan to sell. We have created spreadsheets for you to use if you don't wish to create your own. You will find them on pages 6 and 7.

LIBRARY REFERENCES

Your local library's reference shelf is another good place to check for information on private and public companies. These books, whether hardback or ebooks, are too expensive to purchase when you are starting out, so head over to your closest library and see what they offer. Enlist the aid of your local librarian to find additional resources in the reference section. Here are a few titles to look for:

Ward's Business Directory of U.S. Private and Public Companies (Gale) helps you “ identify market participants, study market share, locate potential clients, create targeted mailing lists, determine parent/subsidiary relationships, analyze market position, and find company specific data.”

Million Dollar Directory (Dun & Bradstreet)

The Inc. 500 (Inc.) - A yearly report published in December listing the fastest-growing American companies.

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for Sales Potential Worksheets*

