

# Market potential and sales forecast

Business



One can get an idea of the total potential of the product is to look at the total market for appliances in the US and in the different markets for appliances in North America and the world. A finer look at the total market for appliances is to look at saturation levels and levels of sales for different appliances. In the US and in Canada, there are several assumptions that can be made with regard to the level of saturation and number of appliances per type of appliance. For example, one can make the assumption that for every household the average number of refrigerators is one.

The saturation level for refrigerators reflect the potential demand for refrigerators, together with the replacement rate for such an appliance among US households. Then one can get idea of the demand for peripheral products such as plug adapters. This will be the potential market for AdaptaPlugs. Another proxy measure is to find out the number of households with multiple appliances, and to find out what percentage of that total number of households have bought additional appliances in the near term.

That can be the proxy measure of the potential market for the plug product being considered in this proposal. On the other hand, as discussed earlier, the target market for the plugs determine the potential of the market in the near term and the forecast for revenues in the near term. To be on the conservative side, one can start with a target sales for a restricted geographic area, such as New York, and project sales based on that restricted initial area for the introduction of the product.

The product being unique, one can argue that there is no direct competition for the product. On the other hand, the alternatives are the commodity products that are mass produced and sold at low cost in the traditional

distribution outlets consisting of specialist stores and the large retail chains. This is the market dominated by low-cost manufacturers essentially from China. The product being differentiated means that this group of competitors does not constitute a direct competitive threat for AdaptaPlug.

The market of AdaptaPlug does not follow any induced demand principles and hence advertising is not a good option to increase sales. It should be remembered that the alternatives are highly similar to each other and that there is cut-throat competition amongst them. To overcome this cut-throat competitiveness, AdaptaPlug should adopt the blue ocean strategy. Following this strategy, a company always looks to avoid blood red competition and moves into a segment where there is no competition (calm blue ocean).

It is here that most companies entering the market today are heading towards. AdaptaPlug is a differentiated product, hence, there should be minimum problems in identifying a blue ocean for it. It is however necessary to consider all potential competition in future and design entry strategies into the market accordingly. Although the alternatives are not direct competitors, since they are targeting a different segment of the same market, it is essential that the market for AdaptaPlug is secured through entry barriers for its competitors.

This can be done in the form of technological refinement: the AdaptaPlug is simple device, however, that does not mean that it can be produced very easily. Certain technical aspects can be modified to make the product highly difficult to copy which will differentiate it in the market. Since AdaptaPlug is differentiated from its alternatives, the chances of fierce competition on its

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entry into the market are minimal. Even then, the marketing team of AdaptaPlug should not take its competitors lightly and should be armed with strategies to combat any moves that encroach upon its interest.