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DEFINING THE MARKET, Market Research

The following shows how an enterprising entrepreneur defined the market for the Business Plan.

The proposed business is a “Pregnancy Spa” that caters to pregnant women only. Men will not be welcome, nor women who aren’t currently pregnant.

The key marketing message will be that this Spa is owned and operated by a female Medical Doctor whose staff is specially trained in providing massage and related services to pregnant women.

A basic assumptions are:

- (1) The average pregnant woman served will be from a family with an income of \$75,000 or more.
- (2) The client will drive no more than 15 miles.
- (3) The business must be located in a first floor location, or in a location with elevators.
- (4) The proposed location is in the Vista, no more than one block from Gervais Street.

Faced with “defining the market” the following question was posed: How many people might be expected to become clients? The following details the entrepreneur’s research. For space reasons, the sources of the data are omitted.

Finding #1: 20% of homes in Richland County make \$75,000 or more.

Finding #2: How many people have a baby each year in Richland County? (4,791)

Finding #3: What is the population of Richland County? (138,714)

Calculation A: $4,791 / 138,714 = 3.5\%$. This means that 3.5% of Richland County women are pregnant at any given time.

Finding #4: How many people live within 15 miles of the proposed location?

10,666 families with kids live within 15 miles and make more than \$100,000

7,032 families without kids live within 15 miles and make more than \$100,000

17,698 is the sum of the two previous lines

Calculation B: 3.5% of 17,698 is 619. This shows that there are 619 pregnant women at any given time who: (1) live in a household that makes more than \$75,000, and (2) live within 15 miles of the proposed business location.

This means that 619 women might walk through the door in any given month. Assuming only 10% are interested in a “Pregnancy Spa,” 62 women would be our monthly expectation.

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