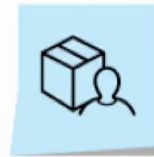


Recap: What is a market opportunity?



Every application of your technology, for a specific set of customers, is one *market opportunity* for your firm

Which markets to play in?

Hello and welcome to week 3 of our MOOC Which markets to play in. In this week, we will dive into the second step of the Market Opportunity Navigator- the Attractiveness Map. This step helps you to evaluate your options and visually compare them, so that you can make an informed choice on which markets you should play in. Yet before we do so, let's examine first- why is it so important but also so challenging to evaluate a market opportunity in a comprehensive manner and estimate how valuable it is. First, let's recap on what is a market opportunity. Any application of your technology or unique abilities to answer in need of a specific set of customers is a market opportunity. For example, if your abilities are good for hygiene monitoring, it could be applied in hospitals, in kindergartens, or in food manufacturing plants. Each of these is a single market opportunity for your firm.

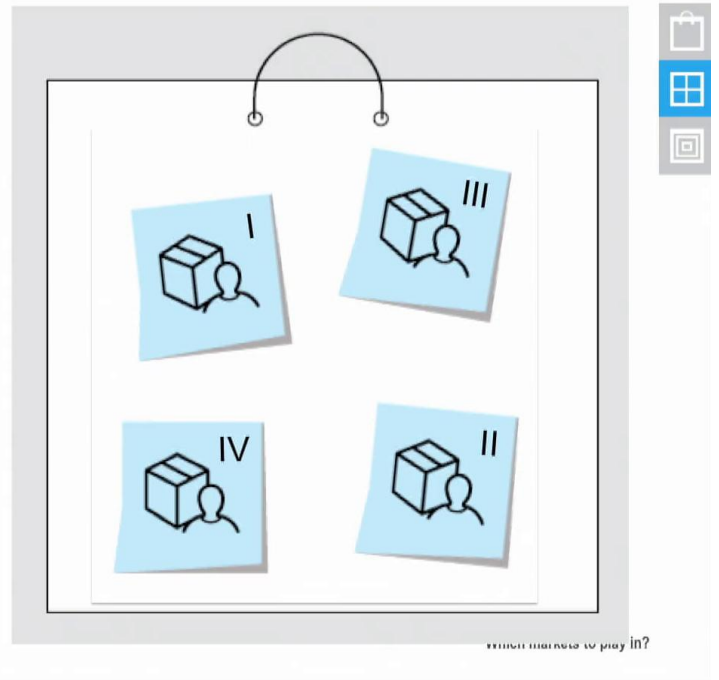
Notes

Summary



0m 04s

But when you have a set of options...



As we discussed in week two, a set of potential market opportunities is a valuable asset for your business.

Notes

Summary



1m 09s

But when you have a set of options...



However as in all situations in life when you need to make a choice, they are likely to create a dilemma for you. Which option is your primary opportunity- the one which you will pursue with full force, and which ones do you want to put aside for now. In short, how do you know which one is most valuable for you? To answer this question, you will have to evaluate your options because opportunities differ in their level of attractiveness.

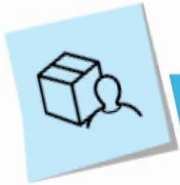
Notes

Summary



1m 16s

Evaluating a market opportunity



Why is it crucial?

- Market Choice is key for creating value and obtaining cash flow
- Market Choice is imprinting your venture in fundamental ways



to play in?

How do you tackle this intriguing question or what makes an opportunity more or less attractive. An attractive market opportunity is one that will likely produce significant potential for value creation and that poses relatively few challenges in capturing that value. So, to evaluate a market opportunity we actually have to look at two dimensions- the potential of the opportunity, that is - how big is it? Is it at all worth pursuing and if so how much value can we create if we choose this path; and the challenge of the opportunity- which obstacles lie ahead of us if we decide to pursue this option, what will be our main risk and how difficult will it be to overcome them and conquer this opportunity. Clearly these are not trivial to estimate so why should we take the time to do it. Well, we should definitely take the time to investigate our opportunities and evaluate them in a comprehensive manner because choosing which markets to play in is a crucial decision for the firm. It is crucial not only because this choice is key for creating value and for generating sales, but also because it has a long-term impact on the firm.

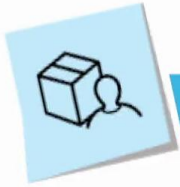
Notes

Summary



1m 49s

Evaluating a market opportunity



Why is it crucial?

- Market Choice is key for creating value and obtaining cash flow
- Market Choice is imprinting your venture in fundamental ways



to play in?

The market choice influences the firm's identity, culture, structure, brand name, and many other aspects which are difficult to change down the road. So once you need to set your strategy, make sure that you completely understand the pros and cons of your options so that you can choose a promising path.

Notes

Summary



3m 19s

But evaluating your opportunities is really difficult

There are always some tradeoffs

There is always uncertainty



markets to play in?

Although clearly important, evaluation is not an easy task even if you gather all the necessary information on customer needs, on competitors, on market trends, etc. It's still challenging to combine it all into one clear picture. Let's see why it is so challenging. First, there are always some trade-offs. One opportunity can address a significant need with a very large market volume but suffer from heavy competition. In another opportunity, you can play in a green field but the product might be very difficult to develop or may require heavy regulations. Overall the pros and the cons that each option bears makes it difficult to gauge how attractive it is. Second, there is always uncertainty. Uncertainty is normal when bringing innovation to the marketplace therefore there are also limits to your evaluation. As systematic and thorough as you may want to be there is still not a crystal ball that can tell you the future. There are unknown unknowns and known unknowns which can both poke holes in the validity of your evaluation. But don't let this foggy stop you from performing your evaluation. You will just have to learn to live with uncertainty and just as important, you will have to update your evaluation once new data becomes available and uncertainty fades away.

Notes

Summary



3m 43s

But evaluating your opportunities is really difficult

There are always some tradeoffs

There is always uncertainty

The landscape is constantly changing



Lastly, your business environment is constantly changing. Competitors may pop up, technological standards may change, new market trends may influence expected demand for your offering etc. This dynamic context makes the assessment of your opportunities even more challenging. This is exactly why the market opportunity navigator is designed to be a dynamic tool where you can easily update your evaluations to help you navigate the land of opportunities over time.

Notes

Summary



5m 20s

Summary



Although extremely important, evaluating the attractiveness of a market opportunity is challenging ...

In this week, we will take you by the hand as you learn how to evaluate a market opportunity

Which markets to play in?

To summarize, a thorough evaluation of your market opportunities is extremely important for setting a promising strategy. However, it is not a trivial task. Maybe this is why so many entrepreneurs choose their target markets based mainly on intuition rather than making a more informed choice. In this week, we will take you by the hand as you learn how to evaluate a market opportunity step by step.

Notes

Summary



5m 55s