Quantification – when data doesn't exist or when data are inadequate

Quantification means the process of estimating the size of an existing market i.e. the market for windows in Germany (but it's not the same as estimating the demand for a product!).

On the library website > Assignment help > Desk research > Market Analysis https://www.baaa.dk/library/assignment-help/ you'll find a video in which we're going through the data needed and where to look for them. We emphasize the importance of data being in the same classification scheme, unit and year.

Sources

Normally you'll find existing data in **national** or **international statistical agencies, relevant governmental areas of responsibility** or **relevant research units**.

If you have consulted these sources and still don't have adequate data, we recommend the following source types – a mix of self-constructed data via field research and what you're able to gather via desk research from other sources. Those sources are to be regarded with some uncertainty, and you'll have to treat them as such.

- Field research among sellers of the product
- Field research among exports on the area
- Industry associations
- Industry and subject magazines
- The daily newspapers

In the following, we'll go over some of the challenges you might find looking for quantification data:

- Before: Some advice
- When the classification is too broad
- When there's no matching classification
- Data is spread over many classification headings
- Data are inadequate
- Information is not found in a language, you understand

Some advice before you start out

Time: It takes time to collect data – desk and field research both. But field research really takes its toll.

Expenses: Talk with your company to get on a research budget if possible. You might have to buy data or information from export consultants, statistical agencies, market analysis brokers etc. Your company contact will have to choose if he/she will accept (worst case) a useless market analysis, or if the company will invest in a valuable and useful report.

The classification is too broad

PROBLEM: You're going to estimate the market for aluminum windows, but the classification you end up with covers different kinds of windows all in the same group.

SOLUTION: You have to estimate how big the aluminum window share is. You might want to contact specialists or retail stores (that sell windows), and industry associations, industry and subject magazines. You can collect primary data via field research in retail stores. If specialists or retail estimate that approximately ¼ of all windows sold are aluminum, then you can use this as an estimate for the market.

METHOD: The above mentioned method is called the 'break down'-method. The market is measured or classified too broad considering the use. When that is the case, it is necessary to break the market down into smaller lumps. To combine existing statistics with field research (i.e. interviews) or other secondary source types (industry or subject magazines) is a common scenario.

Remember to always describe and substantiate the method of estimation – and point out, that it is an estimate which could include uncertainty.

There's no matching classification

PROBLEM: You're going to estimate the market for sports cups, but apparently there's no classification for the product.

SOLUTION: If it is unclear which product group it belongs to, contact your company first to learn how they classify the product (in relation to national tax authorities). If the company doesn't want to help, you can contact the tariff information at the Danish tax authorities – phone 7222 1212.

If none of the above gives a usable result, you have to rely on field research – do interviews in multiple stores to learn how much they sell of the product. Then estimate a sales average of the product per store and multiply the number with stores existing on the market. This way you'll be able to estimate market size.

METHOD: This method is called the 'build up'-method, because you create all data from the ground up.

Remember always to describe and substantiate the method of estimation – and point out, that it is an estimate which could include uncertainty.

Data is spread over many classification headings

PROBLEM: You're going to estimate the market for office furniture, but the classifications are very specific – there are tall and small shelves, furniture are split up into wood, metal, plastic …

SOLUTION: If data is spread into multiple headings which as a whole makes up the required product area, you'll just have to sum up the numbers.

Data are inadequate

PROBLEM: You need to estimate the market for organic food, but you can't find consecutive or comparable data.

SOLUTION: If data generally is inadequate - import/export data is listed as product classifications whereas production data is listed in industry classification schemes; i.e. data is old, data have various time zones, or data is pieced together from different sources – then it's important to remember common sense and rely on experts in the area and combine that with field research.

If the uncertainty is really high, it's a good idea to estimate market size for both best AND worst case. It might have crucial importance for the strategy that the company plans, weather the company have to capture 3% of the market compared to 15% of the market – with the objective to enter a new market.

Sometimes it is possible to transfer a market size from a similar market or segment to another, but often through a number of preconceptions and of course a high amount of uncertainty.

You can collect data and information from secondary source types, like ready-made market analysis from marketing agencies.

Even though the estimates might be associated with uncertainty, it's always better to form an estimate than having no knowledge of the market size at all.

Remember always to describe and substantiate the method of estimation – and point out, that it is an estimate which could include uncertainty.

Language challenges

You'll often find that data and information, pieced together from various sources, is in a language you don't understand. It's totally OK to use Google Translate, but because the translation isn't that precise, you'll have to remember to explain the uncertainties, this will produce. Please note that Google as a rule translates better to English than to any other language (from Danish to English works better than Danish to Polish).

If you can't find anything searching the internet using English, use Google Translate to translate search terms from English to the actual market's language for finding i.e. industry associations or magazine articles.

You might also track down and interview key personnel from companies, already operating in the market; consult chambers of commerce or trade councils with knowledge of the market – and in this way piece information together.

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