

How to understand market scale

Market scale aims to build a picture of the size of the marketplace your organisation operates within. This will clarify any assumptions you had or are relying upon.

To be useful, market scale data should relate to your main activity or suite of services. Having a strong impression of the scale of your service activity will:

- Assist with service planning
- Clarify if service(s) may be viable
- Help plan for revenue and cash flow
- Inform strategic and operational planning (people, systems, resources, marketing and communications).

What is market scale?

Market scale is the number of clients who are relevant to you and your service(s).

In considering your market scale, you may need to estimate some data initially. This is fine, and you might aim for greater accuracy as you progress.

The act of searching for market scale may deliver both expected and unexpected results.

By doing this work (more than once), you are more likely to keep your service and organisation agile and ready for any changes that might occur in the market.

For stakeholders – refer to [How to identify \(and manage\) primary and secondary stakeholders](#).

Gather regional and state data

You can gather data relating to the numbers of similar clients from a variety of sources such as other services, published reports (state, productivity commission, reviews etc.) and the ABS.

Define your focus to your state then region, using population estimates. If possible, gather numbers relevant to a specific type of service.

Try to find other sources relating to the same market to verify your information. By getting a set of estimates, you may establish a picture of the scope of for your organisation – e.g. small/boutique, medium, regional.

Use scale information

Use the data you accumulate to check the strategic alignment of your service to your market.

- Are you aiming your service at a minimal number of clients at a sub-regional level – e.g. your local government area – or more broadly?
- Does the data provide you with a sense of your current share of the possible market?

- Are you satisfied with the market scale you are achieving, or wish to achieve?

Assess the volume vs viability

Look at the market scale information you've compiled and how this might impact the viability of your organisation. Small markets may fully support your model if they provide enough revenue. You may need to consider upsizing to a medium-sized market if your current planning does not align with volume versus viability.

Also refer to [How to identify and evaluate market segments](#).

Review service and revenue planning

Use market scale information to review your service and revenue planning. Could you examine costs and service models and change your market scale expectations or change to a different market scale?

Review strategic decisions

When you have a better sense of your market scale, use this to re-assess your direction. These activities may give you an altered focus and trigger a strategic or operational review.

You will need to review your market scale in response to demographic changes and as the sector evolves, changes and matures. You may also identify new, more accurate sources of information.

Also refer to [How to do strategic planning](#).

Resources

Australian Marketing Institute – [Marketing for Good Toolkit](#).

Referenced links

- [How to identify and evaluate market segments](#)
- [How to do strategic planning](#)
- [How to identify \(and manage\) primary and secondary stakeholders](#)