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Assess the Opportunity for a New Product or Service

Three questions must be answered in deciding whether or not a new product or service idea is worthy of pursuit. The answers reveal whether or not there is a “basis for interest” to go ahead with development and testing.

1. WHY WILL ANYBODY BUY THIS GENERAL TYPE OF PRODUCT/ SERVICE?



Likely Users

This answer establishes that there is a reason for this product or service to exist and defines the potential user base. This explains why a product or service category exists.

2. WHY WILL ANYBODY BUY OUR VERSION OF THIS PRODUCT OR SERVICE INSTEAD OF COMPETITORS' OFFERINGS?



Brand Users

This answer provides a reason to believe that our offering can capture a piece of the market. It outlines our competitive advantages and forms the basis for our marketing strategy. Our points of difference define the positioning of our Brand and explain why some customers will choose us over competitors.

3. WHY CAN WE EXPECT TO MAKE AN ACCEPTABLE PROFIT IN THIS BUSINESS?



Source of Profit

This answer includes volume and cost estimates. Both start-up investment and ongoing operations should be covered. These calculations determine the likely attainable profit and the probability of achieving it.

 **Iterative
Process**

At the time when an idea is being initially assessed, the answers to the “basis for interest” questions are drawn from existing market knowledge (perhaps secondary research) and rigorous deductive logic. As an idea is developed, the answers to the questions are made more explicit and precise through marketing research and even test marketing. With each step of marketing it is important to remember that the questions do not change; only the accuracy and reliability of the answers improve.

Related Articles

To learn more about the topics discussed in this article, you may wish to read the following papers found on www.uwa.com:

- Identify Market Segments That Want a Product or Service
- Measure the Volume Potential for a New Product or Service
- Key Issues to Cover in a Marketing Plan