**ParadigmStar**

**ENT 640**

**Top-Down Demand (Quantity) Estimate**

Estimating demand accurately is hard. For existing products, forecasts can be based on historical data. Next month’s sales will be similar to this month’s sales or to last year’s sales. For new products and services and for new businesses, this data does not exist. The business owner must do research and make assumptions.

**Basic Assumptions:**

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| Market Size – Define the size of your target market. This needs to be very specific. If your business is location-based, such as a restaurant, specify ONLY those target customers who live near enough to the restaurant to actually eat there. Expanding through additional locations will be addressed later. | Demographic Male and Female ages 24-44 (30% of total) in the United States. The United States population on July 4, 2013 was 316,148,990. 94,844,697 is my ideal market size however only 51.3 percent are regular drinkers. So potential market size could be 48,655,329. However, my initial number will be 15 percent of this number; which drink either brandy, cognac, or liqueurs. 7,298,299. |
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| Quantity Purchased—When a customer purchases your product, how many do they buy? | The United States, per capita consumption of ethanol from all alcoholic beverages combined in 2011 was 2.30 gallons. Converting that to ml gives me 8707 ml per year. We can assume that the quantity purchased per occasion is 1 if purchased 750 ml at a time. |
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| Purchase Frequency – After a customer purchases your product, how long do they wait until they purchase it again? | - If sizes sold was 375 ml then twice per month.  - If sizes sold was 750 ml then once per month.  - if sizes sold was 1.75 L then once every three months |
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| Time to first sale – Once you start your business – you start incurring costs – how long until you make your first sale? | I have not found any data on to validate any assumptions so I will use 6 months as the time for first sell. |
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| **Growth** |  |
| Sales of new products and services typically follow an S-curve. They start slowly, build momentum and accelerate and then level off.  The video gives more information for estimating: | |
| Impact of Advertising |  |
|  |  |
| Impact of Word of Mouth |  |
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| **Expansion** |  |
| Expansion comes from opening new offices, selling in additional regions, etc. When this occurs, your target market expands. The sales in these new locations typically mimics those in the first location; although the S-Curve may be steeper | |
|  |  |
| Date of new location | Export of products in year 3 |
| Date of new location |  |