SIZING YOUR MARKET WITHOUT FANCY RESEARCH

Simple ways to estimate how many customers and how much in sales are possible, using numbers you can find for free.

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AT A GLANCE

- **Market size** is an estimate of how many people could buy from you and how much they'd spend.
- Build it from the **bottom up**: number of customers you can reach, times how much each spends a year.
- Investors want to see it, but it also helps you decide if an idea can support the life you want.

Why it matters

A great business in a market that's too small can't pay its owner. A market estimate tells you whether there's room to grow, how many customers you need, and whether the idea fits your goals. Tech investors especially look for large markets. Lenders want to see that local demand supports your plan.

Three sizes

Term	What it means	Example: a halal meal-prep business in one city
Total market	Everyone who could ever buy this kind of product	All people in the city who buy prepared meals
Reachable market	The part you could realistically serve	Halal-eating households within your delivery area
Your target share	What you could win in 2 to 3 years	A small slice of the reachable market

Investors sometimes call these TAM, SAM and SOM (total, serviceable and obtainable market).

Bottom-up method

Market = Number of possible customers × What each spends per year

Example: Fatima's meal prep

> EXAMPLE
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> Fatima delivers halal meal-prep boxes. These numbers are made up to show the method.

Step	Number	Where it came from
Households in her delivery area	60,000	City census data
Share that eat halal	8%	Local community estimates
Halal households	4,800	60,000 × 8%
Share that buy prepared meals	25%	Her 30 customer interviews
Reachable customers	**1,200**	4,800 × 25%
Average spending per customer per year	$1,560	$60 a box, 26 boxes a year
Reachable market	**$1,872,000 a year**	1,200 × $1,560
Her 3-year goal: 10% of reachable customers	120 customers, about **$187,200 a year**	

That's enough to support Fatima, a cook and a driver. It also shows she'd need new areas or products to grow much bigger.

Free places to find numbers

- **Census and government data** for population, households, income and number of businesses
- **Industry associations** and their free reports
- **Your local small business center** (in the US, SBDCs often help with market research for free)
- **Public company reports** and news articles about your industry
- **Your own interviews and sales** for real spending habits

> WATCH OUT
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> Avoid "If I get just 1% of a $10 billion market..." Investors see it as a sign you haven't done the work. Bottom-up numbers are more believable.

Common mistakes

- **Using only huge top-down numbers.**
- **Counting people you can't reach**, like customers outside your area.
- **Guessing spending too high.** Use what people actually spend today.

- **Not showing your sources.** Write down where each number came from.

Your checklist

- ☐ Define your reachable customers
- ☐ Find a free source for how many there are
- ☐ Estimate yearly spending per customer from interviews or sales
- ☐ Calculate your reachable market
- ☐ Set a realistic 3-year share and check it supports your goals

Key words, explained

Word	What it means
Market size	How much customers could spend on what you sell.
TAM, SAM, SOM	Total, serviceable and obtainable market.
Bottom-up	Building an estimate from customer counts and spending.
Top-down	Starting from a big industry number and taking a share.

Where to go next

- **I-05 Checking Out the Competition**
- **R-18 Building a Pitch Deck**
- **G-02 Knowing When You're Ready to Grow**

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