

Find New Vertical Markets Using the Right Statistics

Question

How do we choose the best statistics for a quick, initial assessment of target vertical markets?

Answer

Evaluate the relevance, speed, quality and cost of each statistic. Download our Quantitative Criteria Selection Worksheet to simplify your task.

To assess target vertical markets, most strategists consider both statistics and qualitative criteria. Our vertical assessment tool helps blend these criteria, but it presumes that you know which criterion to use. Our selection worksheet helps determine the best to use.

The essence of marketing is differentiation. If you find numbers that exactly define your target market niche, one thing is certain: You're too late. Thus marketers must triangulate numbers from many sources, using approximates and proxies for market opportunities they hope are not yet filled. Most publicly available statistics, like those from the Bureau of Labor, shed light on your markets but don't directly address your unique business. Customized statistics require expensive, time-consuming surveys. For initial assessments, you can combine statistics to suit your needs and wants.

Use our worksheet to evaluate four factors for each statistic:

- **Relevance:** Does the statistic directly indicate a likelihood to buy your product? Of the four factors, this is most important. Generic statistics like "GDP growth" show industry health, but aren't directly relevant to vertical markets. If your offering targets individual employees, then "employees per vertical" is more relevant, and even better is the number of certain employee types. PDA manufacturers, for example, would prefer "total salespeople per vertical." Custom research can provide the greatest focus, like "total salespeople selling professional services." Industry associations like the Consumer Electronics Association often provide members with relevant statistics.
- **Speed:** How quickly can you get this data? This includes both getting the raw data and formatting it to fit the vertical definitions you have chosen. For example, if you are defining verticals by SIC code, can you quickly format the data for SIC codes? Does one source supply data for all industries or must you blend sources? For instance, statistics from the Bureau of Labor rarely include

Richard Trinkner with Joe Wang

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agriculture, but ones from the Department of Agriculture do.

- **Quality:** How accurate is the data? Many data sets combine verticals, so you must estimate to separate them. Available data may be old. Internal company data may have been gathered by many employees at different times using different methods.
- **Cost:** How much money must you spend to get the data? Although research firms quote specific costs, don't forget internal costs of finding and manipulating publicly available data, and estimating data for verticals not in the data set. You may need to pay membership fees to get industry association data.

Figure 1: Quantitative criteria selection worksheet

Name	Weighting				Score
	40%	20%	20%	20%	
	Relevance	Speed	Quality	Cost	
Criterion 1	5	5	5	5	5.0
Criterion 2	5	5	5	5	5.0
Criterion 3	5	5	5	5	5.0
Criterion 4	5	5	5	5	5.0
Criterion 5	5	5	5	5	5.0
Criterion 6	5	5	5	5	5.0
Criterion 7	5	5	5	5	5.0
Criterion 8	5	5	5	5	5.0
Criterion 9	5	5	5	5	5.0
Criterion 10	5	5	5	5	5.0

Source: GartnerG2, September 2002

In our vertical assessment tool's methodology, we recommend using about five statistics for the quantitative criteria. To choose five:

- In the worksheet, list the statistics to consider, including ones that are readily available and ones that require custom research.
- Research the sources of the statistics and their data quality to complete the scoring portion of the worksheet.
- Adjust the weightings to reflect your budget and timeframe.
- Select the top five statistical measures according to their total score.

Listing the statistics is the creative part. How do you find proxies for undefined markets? For any market idea, some proxies exist. For help finding them, analyze where customers will find money to buy your offering. No matter how attractive, no market opportunities create new money. Spending on new products comes from existing budgets, and statistics reflect existing budgets. So if you don't have to find proxies, ask whether your offer is truly new or just a slow follower.

Dig Deeper

Related Research from GartnerG2

Report: [Which Vertical Markets Will Buy Your Technology? A Methodology](#)

By Richard Trinkner (16 May 2002)

Report: [Target New Markets With Our Vertical Assessment Tool](#)

By Richard Trinkner (06 March 2002)

Gartner Core Research

[Evaluating Vertical Market Practices: Qualitative and Quantitative Evaluation Tools](#)

By Robert Goodwin and Cynthia Moore (10 October 2001)

Summary: Creating effective vertical market practices requires the development of qualitative and quantitative evaluation tools to align resources to new opportunities and monitor performance in existing markets.

Outside Sources

[U.S. Bureau of Labor Web site](#)

[U.S. Census Bureau Web site](#)

[U.S. Bureau of Economic Analysis Web site](#)

[U.S. Department of Agriculture Web site](#)

[U.S. Bureau of Transportation Web site](#)

Download

An Excel file, [GartnerG2 Quantitative Criteria Selection Worksheet](#), is available for download.

Methodology

The methodology described in this article is derived from the authors' experience in helping companies identify and research new target vertical markets.

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