



# Market Assessment Fact Sheet

This is part of a series of fact sheets designed for innovators by the Eastern AHSN Innovation and Industry team.

1. Intellectual Property
2. Product Development
3. Market Assessment
4. Commercialisation Models
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Download a digital edition from the Innovation Pathway hub on the Eastern AHSN's website:

[www.eahsn.org/our-work/innovation-and-industry/the-innovation-pathway](http://www.eahsn.org/our-work/innovation-and-industry/the-innovation-pathway)

Each fact sheet forms a comprehensive but not exhaustive source of information outlining the intricacies of the Innovation Pathway and are designed to help you navigate your way to a successful outcome. At the end of each fact sheet you will find the hyperlinks to referenced organisations.

You can also access Funding Resources directory at [www.eahsn.org/our-work/innovation-and-industry/funding-resources](http://www.eahsn.org/our-work/innovation-and-industry/funding-resources)

## Overview

A thorough analysis of the market is essential when assessing the potential of a new idea. This analysis helps to determine the strengths and weaknesses of an idea against its competition and provides an understanding of the market dynamics to ensure products or services are developed and launched to achieve maximum success.. Equally, such assessments could provide red flags which alter the path of development or halt an idea completely – both of which are essential in good product/service development.

Market assessments should begin at the concept phase, with a market overview that examines pricing and purchasing structure, barriers to entry, risks, distribution channels, trends and competitors. It should continue throughout development to assist in the formation of a strategic market plan, validate the market, support sales and distribution and finally to assist in market diversification.

Early-stage work should result in the following outcomes:

- Clear understanding of the unmet need;
- Delivery of a compelling solution, i.e. a competitive product/services that solves a market problem
- Construction of a compelling market development strategy, including the creation of market messages and appropriate marketing activities that resonate with buyers in the target market, motivating them to solve their problem by purchasing the products/services.

## Identify the Market Opportunity or Need

Ensuring the product or service solves a significant market problem is key to the innovation's commercial success.

Key activities to carry out include:

- Evidence that a problem exists. Is there an unmet need?
- Understanding the extent of the problem. Why it occurs and where it occurs?
- Understanding who might purchase your solution?

- Identifying and understanding the relevant stakeholders by conducting primary research and observational studies to understand the problem in context. It is also important to conduct secondary market research to identify market drivers, technology trends, market size and growth potential.
- Within the UK NHS and Care system it is also vital to understand the relationship between the payer and the beneficiary.

Understanding more about Commercialisation can be found in a separate fact sheet ([www.eahsn.org/our-work/innovation-and-industry/the-innovation-pathway](http://www.eahsn.org/our-work/innovation-and-industry/the-innovation-pathway)).

## Test the Market Opportunity

Having gained an initial understanding of the market opportunity, the next step is to test the product concept to see whether it is appropriately designed to solve the identified market problem.

At this early stage it is not necessary to build the product but to create the vision of how the solution could address the identified challenges. The vision (or pitch) should be able to be communicated sufficiently so that potential buyers can visualize how the product will assist them. It can also be used to support investors to come forward to back you.

Key activities:

- Create a mock-up of the product so that potential clients can visualise it. This could be in the form of a non-functional prototype, or a presentation/story board.
- Present the mock-up to potential users and seek feedback around the ability of the product to address their needs.
- Repeat this process until the product concept has been validated to solve the market problem.

## Develop a Profitable Business Model

Considerations:

- How will the product be sold to able to make a profit? Bear in mind you will need to capture updates and development costs in your long-term planning.

- What is the delivery model that matches the market problem? How will a product reach purchasers? What vehicle should you use?
- What is the cost of creating and delivering a product? What costs should you capture in terms of cost of sales, cost of fulfilling orders, overheads and updates and developments?
- What is the appropriate pricing strategy? What can the market afford? And how does this result in a profit?
- If you are planning to sell to the UK NHS or social care market place you will also need to understand the relationship between the purchaser and the beneficiaries, they can be different.
- If you are planning to sell to international markets you will want to understand their health care system.

## Understanding Competitors

You will want to know who your competitors are and what solutions they offer? Bear in mind that they may not be direct competitors but may provide a solution to the problem from a different perspective e.g. wounds can be treated with gels, creams, dressings but also potentially oxygen therapy, negative pressure treatment.

A competitive analysis should review the strengths and weaknesses of the top 3 to 5 competitors, with regards to:

- Current offerings and the pricing of these
- Target markets
- Market strategy
- Competitive strengths & weaknesses
- Market share

In addition, it is worth looking at other solutions that could substitute a product and potential new entrants to the market place.

## Prioritise Market Opportunities

In many cases, a company may have multiple opportunities to pursue, whether it is new product or geographical market – all of which could have a well-researched and profitable business cases.

Key activities in prioritising investment opportunities include:

- Define the ranking criteria for all opportunities
- Determine the available budget for investing in new opportunities
- Assign an executive team to review and determine corporate direction
- Manage trade-offs of between budgets and opportunity.

## Test Market Readiness

A product will need to be fully tested to determine its ability to solve the identified market problem (validation phase). This requires testing of each market segment as to how buyers respond to the product.

These activities can also be used to test the product and/or service's market strategy, including the marketing channels and content of messages received by buyers.

An appropriate regulatory approval must be secured for healthcare market products.

Refer to the Regulatory Requirements fact sheet for further information ([www.eahsn.org/our-work/innovation-and-industry/the-innovation-pathway](http://www.eahsn.org/our-work/innovation-and-industry/the-innovation-pathway)).

## Post-Launch Assessments

After launch of the product, it is important to capture and analyse buyer satisfaction and competitor responses (e.g. new product releases) to understand how a product's features could be improved to ensure market retention of the product and to potentially enable greater distribution.

These assessments can help inform an understanding of whether there are opportunities for the product to diversify the markets it is being sold into.

## Summary

Products without stakeholders to guide development can find themselves solving a problem that doesn't exist so it is essential to see their input.

Engage early on with relevant stakeholders, both the end users and those who control purchasing to ensure you understand the mechanisms to bring new technology into the healthcare market place.

Along with understanding of the IP competitive landscape (see Intellectual Property fact sheet), a sound understanding of competitors and their products on the market, are essential for any potential investor.

## Useful links

### Competitor and Market Analysis Information Sources

<http://knowledge.nic.nhs.uk/documentDetails.aspx?docId=11>

### NHS Supply Chain

[www.supplychain.nhs.uk](http://www.supplychain.nhs.uk)

### NHS Digital

*Provision of national health and care statistics, information and tools*

<https://digital.nhs.uk>

### Hospital Episode Statistics

*Admissions, outpatient appointments and A&E attendances at NHS hospitals in England.*

<http://content.digital.nhs.uk/hes>

### NHS England: health and care statistics

[www.england.nhs.uk/statistics/statistical-work-areas](http://www.england.nhs.uk/statistics/statistical-work-areas)

### Digital Health in the UK (Department of Business, Innovation & Skills)

Digital health in the UK: an industry study  
for the Office of Life Sciences

### Office for National Statistics

[www.ons.gov.uk](http://www.ons.gov.uk)

### NICE Pathways

<http://pathways.nice.org.uk>

### Cochrane Library

[www.cochranelibrary.com](http://www.cochranelibrary.com)

This fact sheet is for your guidance only. It is not exhaustive nor is it meant to replace any official NHS policies or guidelines.