What is a market analysis?

- Market Analysis is a tool to help a CDFI determine:
  - The size of a target market
  - The appetite of potential customers for a specific product
  - Specific parameters required for the product to be accepted in the market
  - The competition and potential partners
  - Where to target outreach
What is hard about CDFI Market Analyses

- The size of the market is difficult to determine
  - Startups
  - How many will actually borrow
- Competition is often informal or unmeasured
- Generally difficult to get lists of potential customers for surveys

When to do a market analysis?

- If you are planning on entering a new geographic territory, especially if in a new state, or moving between urban and rural environments
- If you are planning on offering a new product
- If you are planning to enter a new sector (housing, commercial real estate, etc.)
Methodologies

- Quantitative
  - Secondary data (government or proprietary)
    - PolicyMap
  - Surveys of customers / potential customers
- Qualitative
  - Interviews of stakeholders, competition, business association leaders, others
  - Review of web sites and other materials of competitors, possible partners, others

Results can help a CDFI with:

- Determining if you should enter a market, offer a new product, or which of your products will be best to offer in a new area
- Deciding where to target your outreach efforts
- Deciding to tweak an existing product’s price and / or conditions
- Figuring out who you might want to partner with
- Advising your Board in approving new initiatives and related changes to loan policies