ADDRESSABLE MARKET TEMPLATE

NEW ZEALAND TRADE & ENTERPRISE
Te Taurapa Tūhono

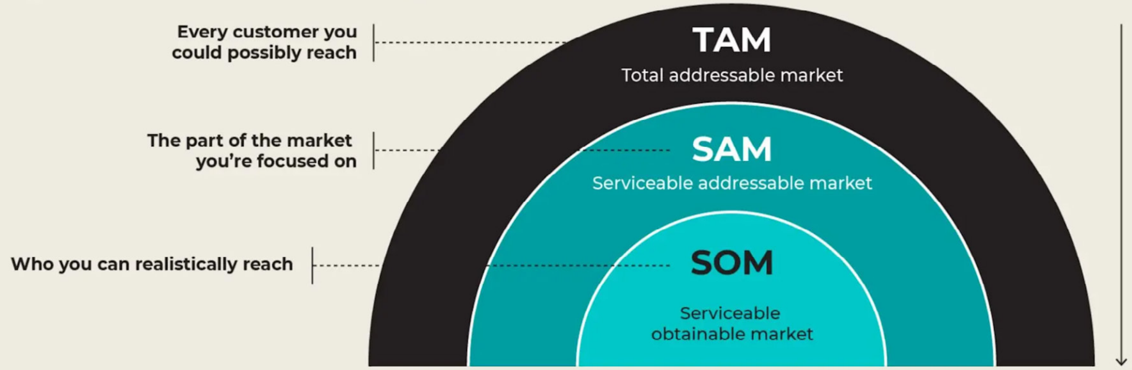
Why measure your addressable market?

Knowing the size of your potential market helps you decide if exporting is worthwhile (whether you can sell enough to make a profit).

- **Total Addressable Market (TAM)** quantifies your overall opportunity in a market
- **Serviceable Available Market (SAM)** narrows this down to the share of the market your company is focused on, based on your target customer
- **Serviceable Obtainable Market (SOM)** further refines this into what sales you could realistically get based on competition, distribution channels, production capacity and pricing.

Without this breakdown, you may overestimate revenue potential or underestimate the barriers to entry.

Top-down market sizing



How to use this template

This template will help you calculate the size and value of your potential market.

Step 1. Define and calculate your Total Addressable Market (TAM) by multiplying an estimate of all potential customers within the market by their average spend.

Step 2. Describe your ideal target customers as a sub-set of your TAM.

Step 3. Estimate your Serviceable Available Market (SAM) by multiplying the number of people who fit your target customer description in this market by their average spend.

Step 4. Calculate your Serviceable Obtainable Market (SOM) by multiplying your SAM number by the percentage of the market you think you can capture.

To speak to a customer advisor about next steps, email your completed tool to exporthelp@nzte.govt.nz

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Step 1

Define your Total Addressable Market (TAM)

Target market

Your target market should be relatively specific. If you're only targeting part of a large market, specify that.

Example: We're targeting the US market, specifially California

Explain the sector or subsector you operate in

This refers to the industry or niche your business belongs to. The sector is the high-level category, while the subsector narrows it down to a defined market.

Examples:
Sector: F&B. Subsector: Organic food
Sector: Agriculture. Sub-sector: Organic dairy farming
Sector: Technology. Sub-sector: Cyber security software
Sector: Tourism. Sub-sector: Eco-tourism adventure travel
Sector: Manufacturing. Sub-sector: Sustainable packaging

Estimate how many customers in this subsector

Based on your subsector, research the total number of customers in your chosen market. Define your TAM and enter the number of potential customers in the space below.

For example, your organic honey company operates in the organic food subsector and your target market is California. You estimate there are 4 million total possible customers in this subsector in California.

Total Addressable Market (TAM) 25,000

Estimate what customers will pay

Use your existing pricing as a start, then research how competitors in your chosen market price to decide what you will charge for your product or service. Multiply this by how many times a customer might purchase your product each year to get your average annual spend per customer.

For example, you decide to charge $15 for your honey, and estimate each customer will purchase 4 jars per year. This gives you an average annual spend per customer of $60.

Average annual spend per customer $ 5,000

Total Addressable Market (TAM) value **$ 125,000,000**

Step 2

Define your ideal target customer

They are the ideal buyer who values your product, is willing to pay a premium, and has the highest potential for repeat purchases or long-term business.

Create Buyer Personas to describe your target customers.

Example:
As a premium organic honey exporter, our ideal target customers are high-income, health-conscious consumers seeking organic, sustainably sourced food products. They are willing to pay a premium for authentic Manuka honey and prefer brands with strong origin stories, certifications (UMF, MGO), and eco-friendly packaging. They shop at organic food stores, like or share health-related posts, and subscribe to health-related publications or blogs.

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Step 3

Estimate your Serviceable Available Market (SAM)

Now that you've defined your target customer, estimate the total number of these customers in your chosen market. The outcome will be your Serviceable Available Market (SAM).

This will likely take a few hours of market research to complete. Check the next page for tips on how to estimate market size.

Number of people/companies that fit your target customer description in your market:	5,000

Multiply the number of customers in your market by the average annual spend per customer (in Step 1) to give your SAM a $ value.

5,000	**X**	**$ 5,000**	**=**	**$ 25,000,000**
Total number of customers in your SAM		**Average annual spend of customer**		**$ Value of your SAM**

Step 4

Calculate your Serviceable Obtainable Market (SOM)

The Serviceable Obtainable Market (SOM) is the best estimate of your near-term revenue opportunity. It's the % share of the market you could realistically reach, taking into account competition, consumer trends, distribution channels, production capacity and customer segmentation. It's usually quite a low number, as even getting 1% of a market can take years.

To calculate it, think about:

- Your competitors, their market share and how they may react when you enter the market (for example, discount or apply market pressure).
- Your capacity to sell at this level. You'll have production limits and supply chain logistics to solve.

For example, your production and distribution channel capacity means you can only service 1% of your SAM in California.

2 %	**X**	**$ 25,000,000**	**=**	**$ 500,000**
Percentage of the SAM you can obtain		**$ Value of your SAM**		**$ Value of your SOM**

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How to put your results to work

Gaining investor confidence

For businesses seeking funding or trade finance, investors and lenders need a clear picture of market potential. Demonstrating a well-researched addressable market reassures stakeholders that there is sufficient demand and room for sustainable growth.

Building an effective export strategy

Addressable market data guides pricing, localisation, partnerships, and logistics, ensuring efforts align with actual demand. Data-driven decisions can reduce any costly missteps and increase the chances of successful exporting.

Help estimating market size

Use customer insights

Find who your customers might be, what your competitors are up to, who to partner with (agents or distributors), which sales channels to consider, and how cultural nuances might affect sales.

Visit your market

Travel to your target market to meet with distributors, manufacturers, trade associations, market experts and customers. Attend trade shows, conferences, and opportunities to connect.

Gather customer feedback

Try product sampling and focus groups on your target market. Set up at a trade show or supermarket; send your product to members of relevant groups (influential bloggers for example); or offer free software trials.

Do in-market interviews

Talk to key industry players in your market, and get in touch with business networking organisations such as Kea, New Zealand business councils, and trade associations.

Learn from your peers

Talk to New Zealand businesses who have experience exporting to your target market, or who are based there, and ask them what it's really like.

Pay for research from agencies

You can buy off-the-shelf reports on trends, consumer behaviours and market dynamics. Commissioning a market research agency to carry out tailored research on your behalf can be more effective, though more expensive than DIY. Explore sources like IBIS World, Comtrade, Euromonitor, Mintel, Nielsen, Kantar and Statista.

Check out all our export resources at **myNZTE**, sign up for our free **Export Essentials course**, or discuss next steps with our customer advisor team at **exporthelp@nzte.govt.nz**.