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How Big Is Our Market

By Chip Albright

Fully understanding the market is key to maximizing your market strategy

I am frequently asked this question about the laboratory furniture and fume hoods market. People want to know how big the global market is for our type of products. This has been a very difficult question to answer, because what "our" market consists of is not clearly defined. Over the years I have attempted to define this market, but it is hard to find a consensus on what should be included. Why is this? I believe it is because the market is so fragmented and segmented, and because the buying cycle is so long with many channel customers.

Depending on how you slice and dice the numbers, the laboratory furniture and fume hoods market size estimates are vastly different. The global market numbers can range from just over \$1 billion to over \$5 billion (US dollars) annually. So what causes such a wide range?

The first issue is agreeing on what comprises the laboratory furniture and fume hood (containment) market. To discuss this market definition problem, I'll use a market that has similar definitional problems -- the kitchen market. What is a kitchen? It can be defined as "places" where food is prepared or the workplace for "people" who prepare food. Typically we think of kitchens that are in private dwellings and commercial kitchens in places like schools, hospitals, fire stations, cruise ships and restaurants. So some define "kitchens" as "places where food is prepared". But, is this the right definition for market analysis? While most would agree that counters and cabinets are part of the kitchen, should we include the stove, the dishwasher, or the refrigerator? If so, this affects what is considered the kitchen market.



Creative Solutions
PO Box 90365,
Nashville, TN 37209

LetsWorkTogether.US

Chip@chipalbright.com

+1 512 588-2002

Market Definition defines competitors and opportunities

Defining a “laboratory” is equally difficult. You might consider a laboratory a place where science is practiced. But then you must struggle with “what is a science”? Are all sciences included? And, what is considered part of a laboratory? Today, lab space is a blurred line between wet (usage of water and chemicals) and dry (usage of instrumentation and computers) spaces. Are computer workspaces part of a laboratory? If for market definition purposes we focus on wet and dry workspaces (all types of work surfaces, storage units, and containment devices) where people perform or teach science, that easily gives us a multibillion dollar market. Once you define “science”, how many scientists are there globally? There is little agreement on this, but the number is possibly between 5 million and 30 million. This range is very large because not everyone performing scientific work is a “scientist”. Do you include a technician doing forensic work or medical lab work as a scientist? They are using a lab workspace and using scientific equipment.

Would you agree that this is a good definition of a scientific laboratory?

1. A building, part of a building, or other place equipped to conduct scientific experiments, tests, investigations, etc., to teach science, or to manufacture chemicals, medicines, or similar substances.
2. Any place, situation, or set of conditions conducive to experimentation, investigation, observation, etc.



Scientific laboratories can be found in schools and universities, in industry, in government or military facilities, and even aboard ships and spacecraft. A definition for a laboratory must include all of these locations to accurately identify the market.

Another approach to defining this market would be to look at the companies that claim to be participating in the market. In a recent project, Creative Solutions used internet searches to catalogue a list of companies that claimed to manufacture laboratory furniture or fume hoods. The list included 647 companies. I would estimate that this number is less than half of the actual number if you consider that small companies may not have a web presence. Additionally, some companies only occasionally serve the market, or make very specialized products that are only used in certain types of labs. My estimate is that there are likely 2,500 companies in the laboratory and fume hoods market today.

Some of these companies are actually part of the construction industry. While much of that segment of the market is architect driven, some of it is end user driven. When someone other than the end user is driving the project, they are considered "channel customers". Research suggests that these two market segments are about the same size, but the architect driven segment is largely dominated by the mid to large size companies, while the end user segment is serviced by hundreds or thousands of smaller companies.

The length of the buying cycle also has an impact on size at any particular time. Much like the automobile market, you may be in the market to buy laboratory furniture or fume hoods, but as soon as you make a purchase you are no longer in the market for a period of time. Thus, market size varies year by year depending on who is in a buying mode.

So the takeaway is that the market size is highly dependent on how you define the elements included in the market. And that traditional definitions often exclude many who are currently participating in the bigger market.

The laboratory and fume hoods market is changing at a very rapid pace and the risk of doing business in this market continues to increase. A market defined in a more robust way is much larger than most might acknowledge, and there are some segments and niches that are growing and proving very profitable. These market offshoots are not readily visible unless you are carefully looking at and analyzing the market. Accurately defining your market is essential to be able to see and take advantage of these opportunities.

If you need help in defining your market, Creative Solutions can assist you with market definition and segmentation, along with competitive analysis.

In an upcoming newsletter we will look at the issue of channel customers and what the "customer" is buying. Who is the ultimate customer and are we selling what our customers really want?



Different market segments have different wants and needs and this influences the types of products they seek

We can meet at

PITTCON 2015
in New Orleans

Arablabs 2015
in Dubai, UAE

ACHEMA 2015
in Frankfurt

Please let me know if you would like to meet at one of these exhibitions.