



BUSINESS **STARTUP** BLUEPRINT

TOTAL ADDRESSABLE
MARKET

STEP 1 PLANNING

WORKSHEET



The **Total Addressable Market** is the overall revenue opportunity that's available for a product or service; this is your potential customer base that you want to target.

However, before you can assess that, you need to know who your target customer is. If you haven't gone through the Customer Avatar worksheet yet, do that first so you can use those insights in your research.

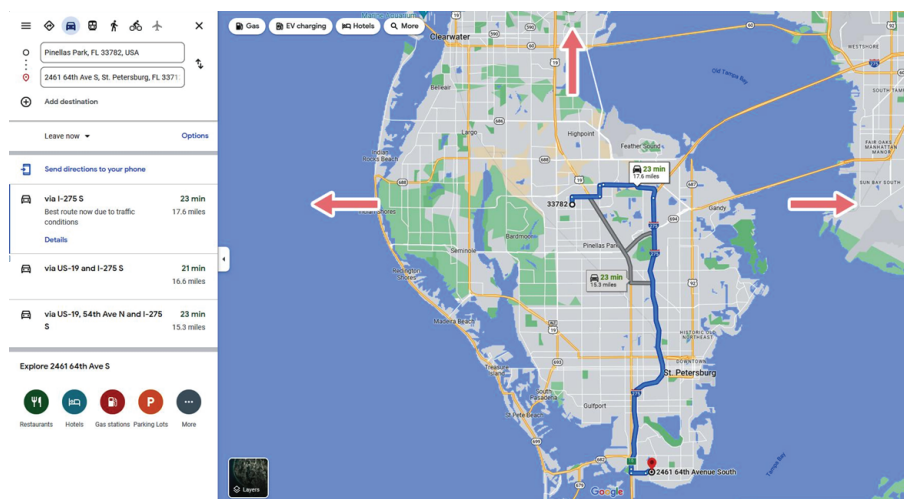
Once you've dialed in on your target customer, this worksheet will guide you through the steps of finding that customer base and assessing the overall size and scope of your market.

Step 1: Solidify your target location and geographic reach.

If you're starting an online business, your potential geographic reach could be global. For service-based businesses, this is how far you're willing to travel from your home base for a job.

With other local brick-and-mortar businesses, it's how far you anticipate customers might travel to your location.

Google maps can be a helpful tool for identifying your geographic reach as a service-based or brick-and-mortar business. Use the "directions" tool to get a sense for travel time between locations and establish the radius where it seems reasonable to look for customers.



For online businesses, consider the logistics of getting your product or service to customers, and how far from your home base seems reasonable. Some things to consider include:

- if shipping costs are prohibitive to certain countries
- if there are regulations or tariffs that apply to your type of product, or
- if your product or service is designed for English-speaking consumers
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Even if the potential reach of your product is global, you may find it more productive to focus only on North America, the United States, or even a specific state or region in the U.S. as your market, at least when you're first starting.

Once you've done this research, define your ideal geographic market below. List what cities, states, or radius (mileage from base) you plan on targeting.

Step 2: Evaluate the total population of your market.

For most businesses, this process is fairly straightforward: research how many people live in the geographic region you'll serve. The [U.S. Census Bureau](#) has data that can be helpful for this, and you can also often find this information using a Google search.

Other types of business may need to adjust this process. For example, if you're starting a B2B service, it will be more helpful to look for the total number of businesses in your area rather than the total population.

Use the space below to record what you find.

Step 3: Research the solutions that already exist to that problem.

Not everyone who lives in a given area will be interested in your services. For example, if you're starting a childcare business, you're only going to be looking at the parents in your area, while a residential lawn care business will likely be targeting homeowners.

This is where you can use the information from the Customer Avatar worksheet. Some things to consider when determining your market segment include:

- Demographics like gender and age
- Income level or socioeconomic status
- Homeowners vs. renters
- Marital status and family

The Census Bureau has data on things like age, gender, marital status, housing situation, and income that will be useful for segmenting the population in your service area. For B2B businesses, you can search your [Secretary of State's Business Directory](#).

You can use the space below to take notes as you go through this process and define your total market segment size.

Step 4: Determine the market's total potential revenue.

This can be a bit tricky to figure out before you open a business since you don't yet know what your average revenue will be per customer.

Since you won't be able to get an exact figure yet, you can estimate this based on what your competitors charge, or how much you anticipate a customer spending each time they visit your business.

First, figure out how much customers will spend and how often:

Average customer spend per visit: \$ _____

Anticipated **frequency of service** (e.g. once a month, once a week, etc.): _____

Now, multiply the average spend per visit by the total anticipated visits in a year, and write that number here: \$ _____

Finally, multiply that annual spend per customer by the total customers in your segment from step 3 to identify the Total Addressable Market value: \$ _____

That figure is the yearly revenue potential of your market if you capture 100% of your available market. Bear in mind, no business is likely to achieve this kind of domination. Even if you don't have many (or any) competitors, not every potential customer is going to use your service.

What this tells you is how much potential revenue is in your area and niche. This can help you to refine your revenue goals and decide what percentage of the market you'll need to attract to meet them.