

***A US leader in the plumbing and electrical tools market was looking to expand into another N.A. mechanical tool market***

**The problem**

(1 of 3)

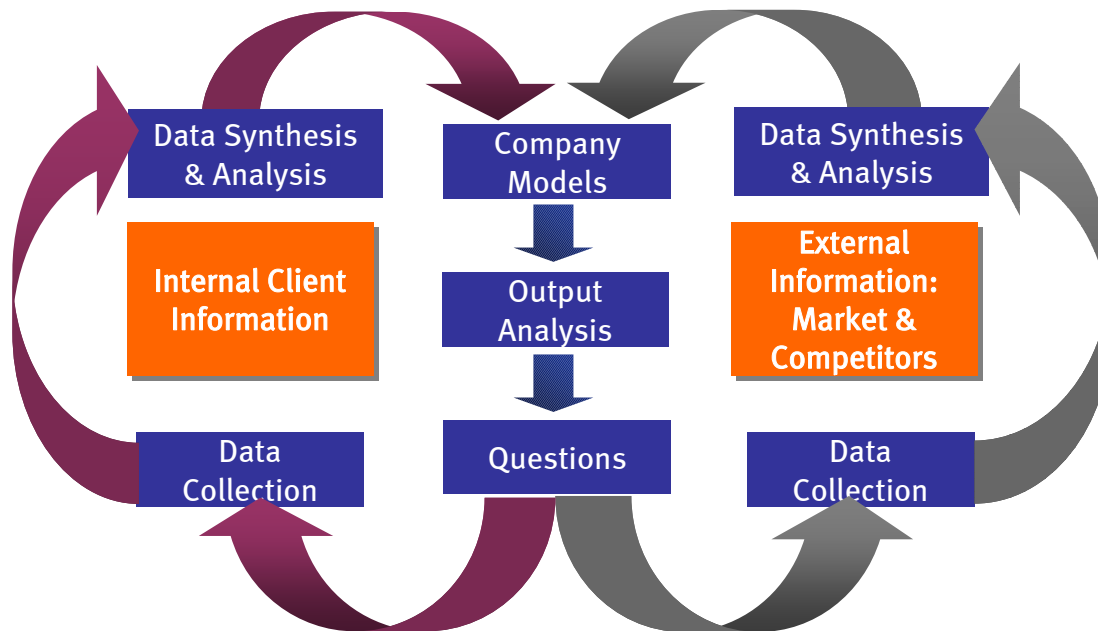
- **The client – a division of a global conglomerate – had a directive to expand into new markets by using a market based approach and finding quality brands to partner with or acquire.**
- **The client did not have a detailed understanding of:**
  - The size of the overall tool market, the splits by product and / or the splits by tool manufacturer;
  - The core products used by technicians, how often they are replaced or the degree to which they cross-over with other mechanical tool applications;
  - The buying process --- is it wholesale, retail or some combination of the two; or
  - Any trends that are (or will effect) the market – and more importantly – any investments that the client ultimately makes in the market.
- **Ultimately, the client needed a comprehensive breakout and recommendation for the investment opportunity by tool segment, target company and sales channel.**

***nxtMOVE's market sizing and analysis process combines numerous secondary research, primary research and analytical techniques to ensure complete coverage of the market and future trends***

## The approach

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- The process of constant iteration of analytical approaches and core research allowed nxtMOVE to create a top-down market sizing, which fed the inputs and assumptions of a bottom-up sizing.



**In this instance, our bottom-up sizing model centered around five core components:**

- 1) How many technicians are there in the US?
- 2) The technicians tool box – what's in it?
- 3) How often does the technician need a tool replacement or upgrade?
- 4) What is the median end consumer cost of each tool?
- 5) What are the mark-ups at the wholesale and / or retail end?

**Our research process makes the outcome plausible and reliable**

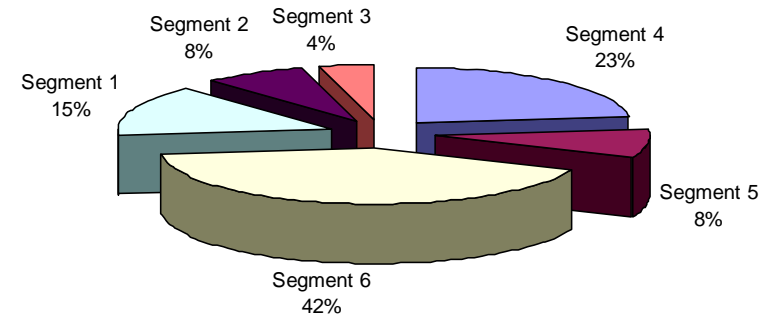
***nxtMOVE's analysis of the opportunity inherent in entering this mechanical tools market has empowered our client with the framework for a sound entry strategy into this market***

**The results**

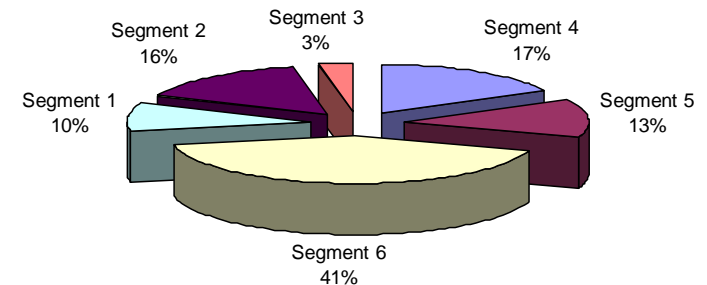
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- ✓ The market sizing approaches had a delta of approximately 15 percent, however the primary segments had a delta of less than 10 percent.
- ✓ The client also received a complete matrix of primary and secondary market participants – the matrix rated each of the participants on brand, price, sourcing model, channel and realistic capability in each of the tool segments.
- ✓ The client asked us to conduct two similar analyses that were combined with this one. In light of the client's investment requirements, nxtMOVE made final investment and / or partnership recommendations for entering this tool market.

**N.A. Tool Wholesale Market Size: Top-Down Analysis**



**N.A. Tool Wholesale Market Size: Bottom-up Analysis**



**Primary Market Participants: Capabilities Matrix**

	Competitor 1	Competitor 2	Competitor 3
Brand Perception	High	High	High
Price	Medium	Medium	High
Sole Sourcing (Yes /No)	Yes	Yes	No

*Excerpt – nxtMOVE capabilities matrix also includes attractiveness by product segment*

Brand Perception
Price
Sole Sourcing (Yes /No)

