Calculating Market Size

1. **Define the segment:** Define your segment of the market.
2. **Top-down market sizing:** determining the total market, and then estimating your share of the market.
3. **Bottom-up analysis:** A bottom-up estimating potential sales using calculations in order to arrive at total sales figure, ideally based on direct feedback from customer interviews (that is, validated).
4. **Sanity checks:** You might have gathered all your data and research, but does it make logical sense? Has it been validated from customer interviews?
5. **Check out the competition:** Research on other options; is your industry crowded; what companies are leading the way in selling products or services similar to yours?

Revenue Models

1. **Unit Sales Revenue Model:** revenue generated by the number of items (units) sold by a company (razor and blade)
2. **Advertising Revenue Model:** revenue gained through advertising products and services (sponsored content, sell ad space)
3. **Data Revenue Model:** revenue by selling high-quality, exclusive, valuable information to other parties;
4. **Intermediation Revenue Model:** methods by which third parties, such as brokers (or “middlemen”) can generate money.
5. **Licensing Revenue Model:** revenue by giving permission to other parties to use protected intellectual property (copyrights, patents, and trademarks) in exchange for fees.
6. **Franchising Revenue Model:** the owner of an existing business (known as the franchisor) sells the rights to another party (known as a franchisee) to trade under the name of that business.
7. **Subscription Revenue Model:** involves charging customers to gain continuous access to a product or service (newspapers, subscription boxes)
8. **Professional Revenue Model:** provides professional services on a time and materials contract.
9. **Utility and Usage Revenue Model:** charges customers fees on the basis of how often goods or services are used; also known as a pay-as-you-go model.
10. **Freemium Revenue Model:** involves mixing free (mainly web-based) basic services with premium or upgraded services (LinkedIn, LinkedIn Premium; Amazon, Prime)

Pricing Strategies

1. **Competition-led pricing:** Copy the prices of other businesses.
2. **Customer-led pricing:** Ask customers.
3. **A loss leader:** Offering a product or service at a below-cost price.
4. **Introductory offer:** Encourage people to try your new product by offering it for free.
5. **Skimming:** For new products or services.
6. **Psychological pricing:** Encourage customers to buy based on their belief.
7. **Fair pricing:** Both businesses and customers believe that the pricing is reasonable.
8. **Bundled pricing:** Packaging a set of goods or services together.