CLARITAS 360

Calculations Guide

identify
deliver
optimize

Claritas 360

Calculations Guide

CONTENTS

INTRODUCTION

This guide contains definitions, formulas, and examples of the calculations most commonly used in Claritas products.

For ease of use, the calculations are organized in chronologically functional categories. Before you can analyze who your customers are, you need to understand where they're located. The "Who Lives Where?" chapter contains calculations that help you understand which segments predominate your analysis area and how your analysis area compares to national norms. Calculations in the "Who Are Your Customers?" chapter help you understand who your customers are. The next chapter—"What Are They Like and How Can I Reach Them?"—contains calculations that help you understand the nature of your customers. The last chapter—"Where Can I Find Them?"—contains calculations related to locating the geographic areas where your customers reside.

If you are a new user, you should begin with the "Who Lives Where?" chapter to gain an understanding of the basic calculations, which are used in many of the more complex calculations.

A glossary of terms is also included in the back of this guide.

WHO LIVES HERE?

Calculations in this chapter help you understand which segments predominate in an analysis area and how that compares to national norms.

Segment Distribution

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Market Overview Reports, the Segment Distribution report shows the distribution of segments in a specified analysis area compared to those in a specified base analysis area. The results of this analysis help determine which segments you should be pinpointing within your chosen comparison analysis area.

Segment Distribution Formulas

This analysis uses the following formulas:

- Percent composition of base households and comparison analysis area households

$$\frac{\text{Segment Code}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Percent penetration of comparison analysis area households

$$\frac{\text{Comparison Analysis Area}}{\text{Base Analysis Area}} \times 100 = \text{Percent Penetration}$$

- Index of segment distributions in comparison analysis area

$$\frac{\text{\% Penetration of Segment}}{\text{\% Penetration of Total}} \times 100 = \text{Index}$$

OR

$$\frac{\text{\% Composition of Behavior}}{\text{\% Composition of Base}} \times 100 = \text{Index}$$

Segment Distribution Sample Report

The following sample report shows segment distributions for all households in the San Diego, CA DMA compared to segment distributions for households in the U.S.:

Segment Code	Segment Name	Base Area Households (ZIP+4 Based)		San Diego, CA (825) Households (ZIP+4 Based)			
		Base Count	% Comp	Count	% Comp	% Pen	Index
01	Upper Crust	1,300,088	1.04%	42,710	3.63%	3.29%	350
02	Networked Neighbors	1,241,836	0.99%	33,976	2.88%	2.74%	291
03	Movers & Shakers	1,768,073	1.41%	60,751	5.16%	3.44%	366
04	Young Digerati	1,834,579	[A] 1.46%	24,767	[B] 2.10%	[C] 1.35%	[D] 144
05	Country Squires	2,919,111	2.33%	15,614	1.33%	0.53%	57
	Total	125,476,002	100.00%	1,177,935	100.00%	0.94%	100

A. % Comp (Base Market) - The number of Young Digerati households in the U.S. (1,834,579) represents 1.46% of all households (125,476,002) in the U.S.

$$\frac{1,834,579}{125,476,002} \times 100 = 1.46$$

B. % Comp (Local Market) - The number of Young Digerati households in the San Diego DMA (24,767) represents 2.10% of all households (1,177,935) in the San Diego DMA.

$$\frac{24,767}{1,177,935} \times 100 = 2.01$$

C. % Pen - The number of Young Digerati households in the San Diego DMA (24,767) represents 1.35% of the Young Digerati households (1,834,579) in the entire U.S.

$$\frac{24,767}{1,834,597} \times 100 = 1.35$$

D. Index - Young Digerati households are 44% more concentrated in San Diego DMA than in the entire US.

$$\frac{2.10}{1.46} \times 100 = 144$$

Consumer Concentration

Found in Claritas 360 under Reports ➜ Standard Reports ➜ Demographic Reports, the Consumer Concentration report uses geographically summarized data, known as geosummaries, to show the extent to which one or more specified demographic variables penetrate their relevant base in a chosen analysis area.

Geosummary data consists of a unique variable count for each detail-level geography within a study area. The different types of geosummary data are:

- Demographics - These include such variables as Population by Race or HH Income $50K-$75K.

- Consumer Demand - These encompass Environics Analytics Consumer Buying Power variables (estimated demand for products and services), Environics Analytics Retail Market Power (supply and demand estimates), Claritas Insurance CLOUT (estimated product users), and Claritas Financial CLOUT (estimated product users).

- Customer Data - These are your actual customer counts for your analysis areas of interest, which you create by importing the files that contain your customer count data.

Consumer Concentration Formulas

This analysis uses the following formulas:

- Percent composition (of base geosummary and analysis geosummary)

$$\frac{\text{Geounit Count}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Percent penetration of behavioral characteristic or characteristics for each geounit

$$\frac{\text{Behavior Count}}{\text{Base Count}} \times 100 = \text{Percent Penetration}$$

- Index (of one or more analysis geosummaries)

$$\frac{\% \text{ Composition of Behavior}}{\% \text{ Composition of Base}} \times 100 = \text{Index}$$

Consumer Concentration Sample Report

The following sample report shows the current-year Hispanic/Latino population for counties in the San Diego DMA:

Consumer Concentration

Analysis Area Code	Analysis Area Name	CY Pop, Hisp/Lat					
		Base Count	Base % Comp	Count	% Comp	% Pen	Index
91911	Chula Vista	90,776	2.66%	68,682	5.77%	75.66%	217
92154	San Diego	87,272	2.56%	61,011	5.12%	69.91%	200
91910	Chula Vista	80,724	[A] 2.37%	53,592	[B] 4.50%	[C] 66.39%	[D] 190
92126	San Diego	77,154	2.26%	12,014	1.01%	15.57%	45
92105	San Diego	71,057	2.08%	40,197	3.37%	56.57%	162
	Total	3,410,201	100.00%	1,191,262	100.00%	34.93%	100

A. % Comp (Base Geosummary) - The current population in the Chula Vista ZIP Code (80,724) represents 2.37% of the entire San Diego DMA population (3,410,201).

$$\frac{80,724}{3,410,201} \times 100 = 2.37$$

B. % Comp (Analysis Geosummary) - The number of Hispanic/Latino individuals in the Chula Vista ZIP Code (53,592) represents 4.50% of the current Hispanic/Latino population in all of San Diego DMA (1,191,262).

$$\frac{53,592}{1,191,262} \times 100 = 4.50$$

C. % Pen - The number of Hispanic/Latino individuals in Chula Vista ZIP Code (53,592) represents 66.39% of the current population in the entire ZIP Code (80,724).

$$\frac{53,592}{80,724} \times 100 = 66.39$$

D. Index - Hispanic/Latino Individuals are 90% more likely (190) to live in the Chula Vista ZIP Code than in the average San Diego ZIP Code.

$$\frac{4.50}{2.37} \times 100 = 190$$

WHO ARE THE CUSTOMERS?

Identifying the types of neighborhoods in which you find your existing customers is the way to predict the types of neighborhoods where you are likely to find customers in the future.

A standard profile report contains counts for a base, such as total adults, and counts for a product or behavior, such as downhill skiing. You choose one or two profiles that represent your product(s) or service(s) and analyze the segments, and therefore neighborhoods, in which your current and future customers reside.

Profile Worksheet

Found in Claritas 360 under Reports ➔ Segmentation Reports ➔ Profiler Reports, the Profile Worksheet report provides details on usage of a product or service by each segment within the entire country or a selected analysis area.

Profile Worksheet Formulas

This analysis uses the following formulas:

- Percent composition (of base or behavior)

$$\frac{\text{Segment Code}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Users per 100 households (Users/100 HHs) of behavior

$$\frac{\text{Behavior Count}}{\text{Base Count}} \times 100 = \text{Users/100 HHs}$$

- Index (of behavior)

$$\frac{\text{\% Penetration of Segment}}{\text{\% Penetration of Total}} \times 100 = \text{Index}$$

OR

$$\frac{\text{\% Composition of Behavior}}{\text{\% Composition of Base}} \times 100 = \text{Index}$$

Profile Worksheet Sample Report

The following sample report illustrates total household counts, by Claritas PRIZM Premier segment, for remodeling their home kitchen within the last year in the San Diego DMA:

Profile Worksheet							
Segment Code	Segment Name	Home Remodeling- Kitchen- 1yr (H)					
		Base Count	Base % Comp	Count	% Comp	Users/100 HHs	Index
01	Upper Crust	42,710	3.63%	1,945	4.76%	4.55	131
02	Networked Neighbors	33,976	[A] 2.88%	1,413	[B] 3.46%	[C] 4.16	[D] 120
03	Movers & Shakers	60,751	5.16%	1,596	3.91%	2.63	76
04	Young Digerati	24,767	2.10%	1,252	3.07%	5.06	146
05	Country Squires	15,614	1.33%	794	1.94%	5.08	147
	Total	1,177,935	100.00%	40,853	100.00%	3.47	100

A. Base % Comp - The number of households in the Networked Neighbors segment (33,976) represents 2.88% of the total households in the San Diego DMA (1,177,935).

$$\frac{33,976}{1,177,935} \times 100 = 2.88$$

B. Behavior % Comp - The number of households in the Networked Neighbors segment that have completed a kitchen remodel in the last year (1,413) represents 3.46% of the total households in the San Diego DMA that have completed a kitchen remodel in the last year (40,853).

$$\frac{1,413}{40,853} \times 100 = 3.46$$

C. Behavior Users/100 HHs – Out of every 100 Networked Neighbors households in the San Diego DMA, approximately 4 (4.16) of these Networked Neighbors households will have completed a kitchen remodel in the last year.

$$\frac{1,413}{33,976} \times 100 = 4.16$$

D. Behavior Index - Networked Neighbor households are 20% more likely (120) to complete a kitchen remodel than the average San Diego DMA household.

$$\frac{3.46}{2.88} \times 100 = 120$$

Profile Segment Consumption

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Profiler Reports, the Profile Segment Consumption report lets you analyze a behavioral profile and its associated consumption value at the individual segment level. This analysis helps you identify segments to pinpoint based on the fact that although a segment's usage is low, its consumption rate may be quite high, making it a viable prospect.

Profile Segment Consumption Formulas

This analysis uses the following formulas:

- Percent composition (of base or behavior)

$$\frac{\text{Segment Code}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Users per 100 households (Users/100 HHs) (of behavior)

$$\frac{\text{Behavior Count}}{\text{Base Count}} \times 100 = \text{Users} / 100 \text{ HHs}$$

- Index of behavior

$$\frac{\text{\% Penetration of Segment}}{\text{\% Penetration of Total}} \times 100 = \text{Index}$$

OR

$$\frac{\text{\% Composition of Behavior}}{\text{\% Composition of Base}} \times 100 = \text{Index}$$

- Index (of behavior's consumption measure)

$$\frac{\text{Average Consumption Measure of Segment}}{\text{Average Consumption Measure of Total}} \times 100 = \text{Consumption Rate Index}$$

- Percent Share (of total demand)

$$\frac{\text{Segment's Total Demand}}{\text{Total Demand of all Segments}} \times 100 = \text{Percent Share}$$

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- Index (of total demand)

$$\frac{\dfrac{\text{Segment's Total Demand}}{\text{Segment's Total Base HHs}}}{\dfrac{\text{Total Demand of all Segments}}{\text{Total Base HHs of all Segments}}} \times 100 = \text{Index (of behavior's total demand)}$$

Profile Segment Consumption Sample Report

The following sample report illustrates consumption per San Diego households, by PRIZM® Premier segment, for amount spent on children's shoes over the last 6 months:

Profile Segment Consumption

Segment Code	Segment Name	Base		Behavior				Average Consumption		Total Consumption		
		Buy Children's Shoes- 6mo (H)										
		Base Count	Base % Comp	Count	% Comp	Users/100 HHs	Index	Demand/ Users	Consumption Index	Total Demand	% Share	Total Demand Index
01	Upper Crust	42,710	3.63%	2,199	0.81%	5.15	22	2.58	52	5,666.48	0.42%	12
02	Networked Neighbors	33,976	2.88%	18,153	6.72%	53.43	233	5.12	103	92,957.21	6.90%	239
03	Movers & Shakers	60,751	5.16%	7,627	2.82%	12.55	55	5.41	108	41,239.73	3.06%	59
04	Young Digerati	24,767	2.10%	7,270	[A] 2.67%	[B] 29.35	[C] 128	4.86	[D] 97	35,306.89	[E] 2.62%	[F] 125
05	Country Squires	15,614	1.33%	5,725	2.12%	36.66	160	4.56	91	26,088.33	1.94%	146
	Total	1,177,935	100.00%	270,062	100.00%	22.93	100	4.99	100	1,348,096.26	100.00%	100

A. Behavior % Comp - The number of households in the Young Digerati segment that purchased children's shoes in the last 6 months (7,270) represents 2.67% of all households in the San Diego DMA that have purchased children's shoes in the last 6 months (270,062).

$$\frac{7,270}{270,062} \times 100 = 2.67$$

B. Out of every 100 Young Digerati households in the San Diego DMA, approximately 29 (29.35) of these households will have purchased children's shoes in the last 6 months.

$$\frac{7,270}{24,767} \times 100 = 29.35$$

C. Behavior Index - Young Digerati households are 28% more likely (128) to buy children's shoes than the average San Diego DMA household.

$$\frac{2.67}{2.10} \times 100 = 128$$

D. Consumption Index - Young Digerati households in San Diego that have purchased children's shoes in the last 6 months, spent on average $4.86 on children's shoes (this is the Demand/Users, which is the geounit's Total Demand divided by the user count). The Young Digerati households that purchased children's shoes spend 3% less on children's shoes (97) than the average San Diego household that purchased children's shoes ($4.99).

$$\frac{4.86}{4.99} \times 100 = 97$$

E. Consumption Behavior's % Share - Young Digerati households' spending on children's shoes ($35,306.89) makes up 2.62% of the total dollars spent on children's shoes in the San Diego DMA ($1,348,096.26).

$$\frac{35,306.89}{1,348,096.26} \times 100 = 2.62$$

F. Total Demand Index - The total dollars spent on children's shoes (total demand) per base household for Young Digerati households (1.43) compared to the total dollars spent on children's shoes (total demand) per base household for the entire San Diego DMA (1.14) shows that the Young Digerati segment spends 25% more (index of 125) on children's shoes than the average San Diego DMA household.

$$\frac{35,306.89}{24,767} = 1.43$$

AND

$$\frac{1,348,096}{1,177,935} = 1.14$$

THEREFORE

$$\frac{1.43}{1.14} \times 100 = 125$$

WHAT ARE THEY LIKE AND HOW CAN I REACH THEM?

After you have identified the segments in which your prospective customers reside, you can analyze the lifestyle tendencies of those segments' households to better understand their product and service preferences, their financial behavior, their favorite leisure activities, and their media preferences. You can then use this information to tailor marketing campaigns that will most successfully reach them.

Profile Ranking Index

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Profiler Reports, the Profile Ranking Index report compares a specified collection of product, media, or demographic profiles against your product profile to determine which are used/occur at above-average and below-average rates in the segments that have the highest concentrations of users for your product. Each profile from the collection of profiles is ranked by comparing its index to the product profile. Each profile is also ranked by (ROC) rank order correlation, which is a measure of the similarity between the index ordering of all segments across two profiles. The ROC shows how high or low the usage frequency of each attribute profile correlates with your product profile. Results show which behaviors your customers are most likely to engage in, giving you a better understanding of how to gear your media and advertising strategies.

Profile Ranking Index Formulas

This analysis uses the following formulas:

- Users per 100 households (Users/100 HHs) for the total user population and for users of the comparison profile.

$$\frac{\text{Comparison Profile Count}}{\text{Total (U.S.) Comparison Profile Count}} \times 100 = \text{Users / 100 HHs}$$

- Comparison profile's count for attribute profile.

  For each segment in the chosen segmentation system, segment values are derived by multiplying the comparison profile's count by the attribute profile's users per 100 households and then adding all the segment values together.

Segment	Comparison Profile's Count x Attribute Profile's User/100 HHs	Segment Value
1	Comparison Profile's Count x Attributie Profile's Users/100 HHs =	Segment 1's value +
2	Comparison Profile's Count x Attributie Profile's Users/100 HHs =	Segment 2's value +
3	Comparison Profile's Count x Attributie Profile's Users/100 HHs =	Segment 3's value
.	.	
.	.	
.	.	
68	Comparison Profile's Count x Attributie Profile's Users/100 HHs =	Segment 68's value
		= Comparison Profile's Count for Attribute Profile

- Index of usage for each profile compared to the comparison profile.

$$\frac{\text{Users / 100 HHs of Behavior}}{\text{Users / 100 HHs of Base}} \times 100 = \text{Index}$$

- Rank Order Correlation (ROC) for each profile compared to the comparison profile.

  To calculate a Rank Order Correlation (ROC), Claritas uses the standard Spearman rank order correlation but factors in controls for zeroes and missing values. Missing segments are considered null and are given an average index value of 100. Segments with zero observations are considered true zeroes. Ranking numbers for segments with the same index value are averaged so that they are considered of equal rank. The strength and direction of a correlation is indicated by a value in the range 1.0 (perfect positive correlation) to -1.0 (perfect negative correlation). When two profiles are positively correlated, a direct relationship exists such that higher segment values on one profile are associated with higher segment values on the other profile. When profiles are perfectly matched in segment rank order, they have a perfect positive correlation, and an ROC coefficient of 1.0, which is the upper limit. When two profiles have a perfect inverse correlation, they have an ROC coefficient of -1.0, which is the lower limit. When two profiles have a coefficient of zero, they are not correlated.

The following example illustrates these three correlations:

Perfect Positive Correlation ROC = 1.00				Perfect Inverse Correlation ROC = -1.00				No Correlation ROC = 0.00			
Drive car daily		Own a car		Bus to work		Drive to work		Own snow shovel		Play baseball	
Segment Rank	Index	Segment Rank	Index	Segment Rank	Index	Segment Rank	Index	Segment Rank	Index	Segment Rank	Index
1	140	1	120	1	117	68	65	1	133	16	113
2	136	2	118	2	114	67	76	2	132	34	75
3	127	3	109	3	105	66	89	3	122	21	98
.	.	.	.	.	.	.	.	.	.	.	.
.	.	.	.	.	.	.	.	.	.	.	.
.	.	.	.	.	.	.	.	.	.	.	.
68	49	68	53	68	48	1	121	68	71	19	105

When interpreting the strength of a correlation, a correlation of +.50 and above, or -.50 and below, is considered evidence of a strong correlation. Correlations between +.50 and +.30, and -.50 and -.30, indicate a moderate to weak relationship and should be treated with caution. Correlations between +.30 and -.30 indicate that there is no relationship between two profiles.

The actual formula is calculated as follows:

First, index values are calculated for the attribute and comparison profiles. For segments that are blank (that is, segments that do not contain any profile usage), values are changed to 100 (the average).

Comparison Profile			Profile 1		
Segment	Index	Rank	Segment	Index	Rank
1	200		1	300	
2	200		2	100	
3	100		3	200	
4	100		4	150	

Second, each profile is sorted by its index and then each segment is assigned a rank number. For segments with the same index, an average of the rank is taken.

Comparison Profile			Profile 1		
Segment	Index	Rank	Segment	Index	Rank
1	200	1.5	1	300	1
2	200	1.5	3	200	2
3	100	3.5	4	150	3
4	100	3.5	2	100	4

Third, each profile is sorted by its segment code, calculating the difference between the comparison profile's rank and each desired profile's rank, and then each difference's sum is squared. Finally, all the squared sums are added.

Comparison Profile			Profile 1			Rank Diff²
Segment	Index	Rank	Segment	Index	Rank	
1	200	1.5	1	300	1	$(1.5-1)^2 = 0.25$
2	200	1.5	2	100	4	$(1.5-4)^2 = 6.25$
3	100	3.5	3	200	2	$(3.5-2)^2 = 2.25$
4	100	3.5	4	150	3	$(3.5-3)^2 = 0.25$
						Total = 9.00

- Fourth, the ROC is calculated.

$$1 - \left(\frac{(6 \times \text{Sum of squares of the rank differences})}{(\text{Number of segments} \times (\text{Number of segments}^2-1))} \right) = ROC$$

$$1 - \left(\frac{(6 \times 9)}{(4 \times (16-1))} \right) = ROC$$

$$1 - \left(\frac{54}{60} \right) = 0.10$$

Profile Ranking Index Sample Report

The following sample report correlates a propensity to go fishing with going camping, projected to the San Diego DMA:

Profile Ranking Index									
		Profile List			Activities past 12 months Fishing (A)				
Profile List Order	Profile List Title	Total Profile Count	Total Base Count (Unprojected)	Total Profile Users/100	Count	Users/100 HHs	Index	ROC	
SB_466_0000038	Activities past 12 months Fishing (A)	388,956	212,206	33	144,624	37.18	113	1.00	
SB_466_0000039	Activities past 12 months Camping (A)	445,387	212,206	[A] 38	[B] 164,356	[C] 42.26	[D] 112	[E] 0.84	
SB_466_0000033	Activities past 12 months Hunting (A)	90,910	212,206	8	36,605	9.41	122	0.90	
SB_466_0000042	Activities past 12 months Bicycling (A)	739,479	212,206	63	261,775	67.30	107	0.47	
SB_466_0000040	Activities past 12 months Bowling (A)	538,554	212,206	46	194,644	50.04	109	0.55	

A. Users/100 HHs - Out of every 100 households in the San Diego DMA, there are approximately 38 adults who have gone camping in the last year.

$$\frac{445,387}{1,177,935} \times 100 = 38$$

B. Comparison Profile's Count for Attribute Profile - The total of all segment values derived by multiplying each segment's comparison profile count by its attribute profile users per 100 households (from the Profile Worksheet report).

$$\frac{(7,249 \times 21.73)}{(\text{Seg. 1})} + \frac{(22,443 \times 50.52)}{(\text{Seg. 2})} + \dots + \frac{(60,751 \times 34.15)}{(\text{Seg. 66})} = 164,356$$

C. Users/100 HHs - Out of every 100 households in San Diego who have gone camping in the last year, there are approximately 42 adults (42.26) who have also gone fishing (388,956, from the Profile Worksheet report).

$$\frac{164,356}{388,956} \times 100 = 42.26$$

D. Index - San Diego adults who went fishing in the last year are 12% (112) more likely than the average San Diego adult to go camping.

$$\frac{42.26}{38} \times 100 = 112$$

E. ROC - The profile for going camping correlates highly (0.84 ROC) with going fishing and is of strong positive significance.

Target Segment Measures

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Lifestyler Reports, the Target Segment Measures report shows the propensity of households, in target segments, to engage in all profile behaviors in a particular attribute pool. The results of this analysis help determine which behaviors to emphasize when developing marketing campaigns.

Target Segment Measures Formulas

This analysis uses the following formulas:

• Users per 100 households (Users/100 HHs) of each profile against all households or adults and users per 100 households of each profile for the target segments against all target segment households or adults.

$$\frac{\text{Total Profile Behavior Count}}{\text{Total Profile Base Count}} \times 100 = \text{Users / 100 HHs}$$

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- Percent Total of the targeted segments that engage in the behavior. (This is the target's "share" of all people who perform the behavior.

$$\frac{\text{Behavior Target Count}}{\text{Total Profile Behavior Count}} \times 100 = \text{Percent Total}$$

- Index of targeted segments' usage for each profile compared to households or adults in all segments.

$$\frac{\text{\% Penetration of Target}}{\text{\% Penetration of Total Profile}} \times 100 = \text{Index}$$

Target Segment Measures Sample Report

The following sample report shows likely usage for sports and leisure profiles for San Diego DMA households in the Midlife Success Claritas PRIZM Premier target:

Target Segment Measure

| Profile List Order | Profile List Title | Profile List | | | Y1 Midlife Success [04, 13, 21, 25, 31, 34, 35] | | | |
		Total Profile Count	Total Base Count (Unprojected)	Total Profile Users/100 HHs	Count	% Total	Users/100 HHs	Index
SB_466_0000043	Activities past 12 months Basketball (A)	320,366	212,206	**[A]** 27.20	95,409	**[B]** 29.78%	**[C]** 34.97	**[D]** 129
SB_466_0000042	Activities past 12 months Bicycling (A)	739,479	212,206	62.78	188,173	25.45%	68.96	110
SB_466_0000041	Activities past 12 months Boating (A)	412,690	212,206	35.04	96,170	23.30%	35.24	101
SB_466_0000040	Activities past 12 months Bowling (A)	538,554	212,206	45.72	158,146	29.37%	57.96	127
SB_466_0000039	Activities past 12 months Camping (A)	445,387	212,206	37.81	121,324	27.24%	44.46	118

A. Users/100 HHs of total behavior - Out of every 100 households in the San Diego DMA, approximately 27 (27.20) adults will have played basketball in the last year.

$$\frac{320,366}{1,177,935} \times 100 = 27.20$$

B. % Total of behavior within target – The number of adults in the Midlife Success segments (95,409) who played basketball in the last year represents 29.78% of all San Diego adults who played basketball last year.

$$\frac{95,409}{320,379} \times 100 = 29.78$$

C. Users/100 HHs of behavior within target - Out of every 100 Midlife Success households in the San Diego DMA, approximately 35 (34.97) of these Midlife Success households will have played basketball in the last year.

$$\frac{95,409}{272,830} \times 100 = 34.97$$

D. Index of behavior within target - Midlife Success households in the San Diego DMA are 29% (129) more likely to have played basketball in the last year than the average household in the United States.

$$\frac{34.97}{27.20} \times 100 = 129$$

WHERE CAN I FIND THEM?

Analyses in this chapter help you determine (1) how well a particular product/service is penetrated in your pinpointed geographies, (2) how deeply you have actually penetrated your pinpointed geographic area, and (3) how much of your geographic area's potential you have tapped.

Market Potential Report

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Lifestyler Reports, the Market Potential Index (MPI) report includes an index that uses the segment composition of a geography to estimate customer potential based on the segment penetration rates of a chosen product, service, or lifestyle profile.

Market Potential Index Formulas

For each detail-level geography in an analysis, this index is derived by first calculating the estimated user household count for each segment and totaling them:

- For simplicity in this example, assume that ZIP Code 12345 contains only the following two segments.

> Segment 01 Household Count - 450 (45%)
> Segment 02 Household Count - 550 (55%)
> 1,000 (100%)

- Based on the comparison profile, in which 20% of Segment 01 uses the product and 10% of Segment 02 uses the product, the total number of households in ZIP Code 12345 that use the product is calculated as follows:

> 20% of the 450 HHs in Segment 01 use Product (90 HHs)
> 10% of the 550 HHs in Segment 02 Use Product (55 HHs)
> Total HHs in ZIP Code 12345 that use the Product = 145

- Assuming that the total number of households using the product, in the ZIP Code, is 145, and there are 1,000 households, the percent penetration is calculated as follows:

$$\frac{\text{Estimated User Count}}{\text{Base Count}} \times 100 = \text{Product Penetration}$$

$$\frac{145}{1,000} \times 100 = 14.5$$

- The final MPI is calculated by dividing the percent penetration for households using the product in ZIP Code 12345 (14.5%) by the profile's total percent penetration for all households in the United States (11.2%, from the profile's %Pen Total row on the Profile Worksheet report), and multiplying the result by 100 as follows:

$$\frac{\left(\dfrac{\text{Estimated User Count}}{\text{Base Count}}\right)}{\left(\dfrac{\text{Profile Total Behavior Count}}{\text{Profile Total Base Count}}\right)} \times 100 = \text{Market Potential Index}$$

$$\frac{14.5}{11.2} \times 100 = 129 \text{ (MPI)}$$

Market Potential Index Sample Report

The following sample report illustrates market potential for brokerage services for ZIP Codes in Lancaster County, Virginia:

Market Potential							
Analysis Area Code	Analysis Area Name	Use Full Service Brokerage Firm, 1 yr (A)					
		Base Count	Base % Comp	Estimated Users	% Comp	Users/100 HHs	Market Potential Index
22480	Irvington, VA	236	4.33%	54	7.84%	22.98	185
22578	White Stone, VA	1,315	24.14%	244	35.29%	18.55	150
22482	Kilamock, VA	908	15.67%	137	19.73%	15.03	121
22503	Lancaster, VA	2,027	37.21%	179	25.87%	8.83	71
22576	Weems, VA	951	17.64%	78	11.27%	8.11	65
	Total	[A] 5,447	100.00%	[B] 692	100.00%	[C] 12.70	[D] 102

A. As shown in the Segment Distribution report below, Lancaster County, VA, is made up of 18 segments that collectively contain 5,447 households.

Segment 55 Household Count = 1,362 (25.00%)
Segment 28 Household Count = 1,143 (20.98%)
Segment 58 Household Count = 737 (13.53%)
Segment 38 Household Count = 612 (11.24%)
Segment 33 Household Count = 240 (4.41%)
Segment 09 Household Count = 260 (4.77%)
Segment 23 Household Count = 161 (2.96%)
Segment 48 Household Count = 184 (3.38)
Segment 56 Household Count = 150 (2.75%)
Segment 64 Household Count = 108 (1.98%)
Segment 43 Household Count = 115 (2.11%)
Segment 51 Household Count = 76 (1.40%)
Segment 37 Household Count = 113 (2.07%)
Segment 45 Household Count = 64 (1.17%)
Segment 20 Household Count = 58 (1.06%)
Segment 25 Household Count = 34 (0.62%)
Segment 11 Household Count = 16 (0.29%)
Segment 05 Household Count = 14 (0.26%)
Total Household Count = 5,447 (100%)

Segment Distribution

Segment Code	Segment Name	Base Area		Lancaster County (County by ZIP Code)			
		Households (ZIP+4 Based)		Households (ZIP+4 Based)			
		Base Count	% Comp	Count	% Comp	% Pen	Index
55	Red, White & Blue	1,770,346	1.58%	1,362	25.00%	0.08%	1585
28	Country Casuals	3,189,627	2.84%	1,143	20.98%	0.04%	739
58	Golden Ponds	2,445,399	2.18%	737	13.53%	0.03%	621
38	Hometown Retired	2,584,759	2.30%	612	11.24%	0.02%	488
33	Second City Startups	2,014,484	1.79%	240	4.41%	0.01%	246
	Total	112,267,302	100.00%	[A] 5,447	100.00%	0.00%	100

B. Using the percent penetration by segment from the profile, multiplied by the number of households, the estimated total number of households in Lancaster County that use a full-service broker is 692.

> 2.34% of HHs in Segment 55 use Full Service Broker (32 HHs)
> 25.93% of HHs in Segment 28 use Full Service Broker (296 HHs)
> 3.96% of HHs in Segment 58 use Full Service Broker (29 HHs)
> 15.65% of HHs in Segment 33 use Full Service Broker (38 HHs)
> 38.69% of HHs in Segment 09 use Full Service Broker (101 HHs)
> 10.80% of HHs in Segment 23 use Full Service Broker (17 HHs)
> 4.21% of HHs in Segment 48 use Full Service Broker (8 HHs)
> 4.42% of HHs in Segment 56 use Full Service Broker (7 HHs)
> 2.15% of HHs in Segment 64 use Full Service Broker (2 HHs)
> 8.63% of HHs in Segment 55 use Full Service Broker (10 HHs)
> 2.09% of HHs in Segment 51 use Full Service Broker (2 HHs)
> 13.76% of HHs in Segment 37 use Full Service Broker (16 HHs)
> 6.25% of HHs in Segment 45 use Full Service Broker (4 HHs)
> 18.59% of HHs in Segment 20 use Full Service Broker (11 HHs)
> 21.03% of HHs in Segment 25 use Full Service Broker (7 HHs)
> 27.12% of HHs in Segment 11 use Full Service Broker (4 HHs)
> 23.23% of HHs in Segment 05 use Full Service Broker (3 HHs)
> <u>2.34% of HHs in Segment 55 use Full Service Broker (32 HHs)</u>
> Total User HHs in Lancaster County = 692

The percentage of households (percent penetration) for each segment is derived from the Profile Worksheet table below.

Profile Worksheet

Segment Code	Segment Name	Use Full Service Brokerage, 1 yr (A)					
		Base Count	Base % Comp	Count	% Comp	Users/100 HHs	Index
01	Upper Crust	781	1.52%	331	5.21%	42.38	342
02	Networked Neighbors	489	0.95%	152	2.39%	31.08	251
03	Movers & Shakers	834	1.63%	123	1.94%	14.75	119
04	Young Digerati	635	1.24%	84	1.32%	13.23	107
05	Country Squires	947	1.85%	220	3.46%	[B] 23.23	187
09	Big Fish, Small Pond	1,132	2.21%	438	6.90%	[B] 38.69	312
11	Fast-Track Families	837	1.63%	227	3.57%	[B] 27.12	219
20	Empty Nests	870	1.47%	140	2.20%	[B] 18.59	150
23	Township Travelers	718	1.70%	94	1.48%	[B] 10.80	87
25	Up-and-Comers	1,392	1.40%	151	2.38%	[B] 21.03	170
28	Country Casuals	855	2.72%	351	5.69%	[B] 25.93	209
33	Second City Startups	1,177	1.67%	134	2.11%	[B] 15.65	126
37	Bright Lights, Li'l City	1,294	2.30%	162	2.55%	[B] 13.76	111
38	Hometown Retired	1,294	2.52%	223	3.51%	[B] 17.23	139
43	City Roots	1,020	1.99%	88	1.39%	[B] 8.63	70
45	Blue Highways	608	1.19%	38	0.60%	[B] 6.25	50
48	Generation Web	1,567	3.05%	55	1.04%	[B] 4.21	34
51	Campers & Camo	813	1.59%	17	0.27%	[B] 2.09	17
55	Red, White & Blue	898	1.75%	21	0.33%	[B] 2.34	19
56	Multi-Culti Families	905	1.77%	40	0.63%	[B] 4.42	36
58	Golden Ponds	1,213	2.37%	48	0.76%	[B] 3.96	32
64	Family Thrifts	975	1.90%	21	0.33%	[B] 2.15	17
65	Young & Rustic	609	1.19%	8	0.13%	1.31	11
66	New Beginnings	660	1.29%	7	0.11%	1.05	9
	Total	51,249	100.00%	6,350	100.00%	12.39	100

C. The number of households using a full-service broker in Lancaster County (692) represents more than one-tenth (12.70%) of the total households (5,447) in the county.

$$\frac{692}{5,447} \times 100 = 12.70$$

D. The households in Lancaster County are 2% more likely (MPI of 102) to use a full-service broker than the average U.S. household (12.39%—from the Users/100 HHs Total row on the Profile Worksheet report).

$$\frac{12.70}{12.39} \times 100 = 102 \ (MPI)$$

Potential vs. Potential

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Locator Reports, the Potential vs. Potential report lets you analyze two profiles to help you rank and identify detail-level geographies within your analysis area for potential usage of the profile behaviors. The analysis is based on the concept that you can plot each geography's market potential index scores on a four-quadrant grid with each quadrant representing the likelihood of households in a geography to engage in both of the behaviors, as follows:

* Hi/Hi - The propensity to engage in the first profile's behavior is high (greater than 100) and the propensity to engage in the second profile's behavior is also high. Households or individuals in these detail-level geographies would be most likely of all your detail-level geographies to engage in both profiles' behaviors.

* Hi/Lo - The propensity to engage in the first profile's behavior is high but the propensity to engage in the second profile's behavior is low (less than 100). Although households or individuals in these detail-level geographies would be likely to engage in your first profile's behavior, they would be unlikely to engage in your second profile's behavior.

* Lo/Hi - The propensity to engage in the first profile's behavior is low but the propensity to engage in the second profile's behavior is high. Households or individuals in these detail-level geographies would be unlikely to engage in your first profile's behavior, they would be likely to engage in your second profile's behavior.

* Lo/Lo - The propensity to engage in the first profile's behavior is low and the propensity to engage in the second profile's behavior is also low. Households or individuals in these detail-level geographies would be the least likely of all to engage in either profiles' behaviors.

Potential vs. Potential Formulas

This analysis uses the following formulas:

- Percent composition (of base or behavior)

$$\frac{\text{Geounit Count}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Estimated Users (of behavior) (See "Market Potential Index Formulas")

- Users per 100 households (Users/100 HHs) (of behavior)

$$\frac{\text{Estimated Behavior Count}}{\text{Base Count}} \times 100 = \text{Users / 100 HHs}$$

- Market Potential Index (of behavior)

$$\frac{\text{Geounit's Users / 100 HHs}}{\text{Profile's Total Users / 100 HHs}} \times 100 = \text{Market Potential Index}$$

Potential vs. Potential Sample Report

The following sample report illustrates the total estimated counts, for San Diego, CA DMA, for watching Animal Planet and shopping at book stores in the last year:

Potential Vs Potential

Strategy	Analysis Area Code	Analysis Area Name	Animal Planet (H)						Bookstores: Stores shopped/used services past 12 months Any bookstore (A)					
			Base Count	Base % Comp	Estimated Users	% Comp	Users/100 HHs	Market Potential Index	Base Count	Base % Comp	Estimated Users	% Comp	Users/100 HHs	Market Potential Index
High/High	92065	Ramona	12,785	[A] 1.09%	[B] 1193	[C] 1.72	[D] 9.3	[E] 114	12,785	1.09%	19,329	1.11%	151.2	110
High/Low	92004	Borrego Springs	1,954	0.17%	283	0.41%	14.5	177	1,954	0.17%	1,730	0.10%	88.5	64
Low/High	92024	Encinitas	21,175	1.80%	1,126	1.63%	5.3	65	21,175	1.80%	33,399	1.92%	157.7	115
Low/Low	92020	El Cajon	20,960	1.78%	1,360	1.97%	6.5	79	20,960	1.78%	27,723	1.59%	132.3	96
Total		Total	1,176,851	100.00%	69,216	100.00%	5.9	72	1,176,851	100.00%	1,741,677	100.00%	148.0	108

A. **Base % Comp** - The number of households in the Ramona ZIP Code (12,785) represents 1.09% of all households in the San Diego DMA (1,176,851).

$$\frac{12,785}{1,176,851} \times 100 = 1.09$$

B. **Estimated Users** - The number of households who are estimated to have watched Animal Planet is 1,193. (For Estimated Users sample calculations, see the second formula, and section B of the sample report, within "Market Potential Index Formulas")

C. Behavior's % Comp - The number of households in the Ramona ZIP Code who are estimated to have watched Animal Planet (1,193) represents 1.72% of all households in the San Diego DMA who are estimated to have watched animal planet (69,216).

$$\frac{1,193}{69,216} \times 100 = 1.72$$

D. Behavior's Users/100 HHs - Out of every 100 households in the Ramona ZIP Code, approximately 9 (9.3) of these households will have watched Animal Planet.

$$\frac{1,193}{12,785} \times 100 = 9.3$$

E. Behavior's MPI - With a users-per-100-households rate of 9.3, households in the Ramona ZIP Code are 14% more likely to have watched Animal Planet (MPI of 114) than the average household (users per 100 households of 8.19 from the Profile Worksheet report's total row).

$$\frac{9.3}{8.19} \times 100 = 114$$

Market Consumption

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Locator Reports, the Market Consumption report lets you analyze a behavioral profile and its associated consumption value by detail-level geography. This analysis helps you identify which geounits in your analysis area to focus on based on the consumption rate of its households in addition to its product usage and total number of households.

Market Consumption Formulas

This analysis uses the following formulas:

- Percent composition (of base or behavior)

$$\frac{\text{Geounit Count}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Users per 100 households (Users/100 HHs) (of behavior)

$$\frac{\text{Estimated Behavior Count}}{\text{Base Count}} \times 100 = \text{Users / 100 HHs}$$

- Market Potential Index (of behavior)

$$\frac{\text{Geounit's Users / 100 HHs}}{\text{Profile's Total Users / 100 HHs}} \times 100 = \text{Market Potential Index}$$

- Market Consumption Index (MCI)

$$\frac{\text{Geounit's Consumption Rate (Measure)}}{\text{Profile's Total Consumption Rate (Measure)}} \times 100 = \text{Market Consumption Index}$$

- Percent Share (of Total Demand)

$$\frac{\text{Geounit's Total Demand}}{\text{Analysis Area's Total Demand}} \times 100 = \text{Percent Share}$$

- Market Demand Index (MDI)

$$\frac{\left(\dfrac{\text{Geounit's Total Demand}}{\text{Geounit's Total Base HHs}}\right)}{\left(\dfrac{\text{Profile's Total Demand}}{\text{Profile's Total Base HHs}}\right)} \times 100 = \text{Market Demand Index}$$

Market Consumption Sample Report

The following sample report illustrates consumption by ZIP Code in the San Diego, CA DMA, for buying gas in the last week:

Analysis Area Code	Analysis Area Name	Base		Behavior Buy Gas- 1wk (A)				Average Consumption		Total Consumption		
		Base Count	Base % comp	Estimated Users	% Comp	Users/100 HHs	Market Potential Index	Demand/ Users	Market Consumption Index	Total Demand	% Share	Market Demand Index
92036	Julian	1,619	0.14%	1,746	0.11%	107.82	82	18.54	107	32,364	0.13%	88
92058	Oceanside	12,338	1.05%	16,022	1.00%	129.86	99	18.09	105	289,866	1.12%	103
92071	Santee	20,965	1.78%	30,864	[A] 1.93%	[B] 147.22	[C] 112	16.16	[D] 93	498,697	[E] 1.93%	[F] 105
92065	Ramona	12,785	1.09%	19,600	1.23%	153.31	117	18.33	106	359,198	1.39%	124
	Total	1,176,851	100	1,598,300	100	136	103	16	93	25,829,712	100	97

A. Behavior's % Comp - The number of adults in the Santee ZIP Code that are estimated to have bought gas in the last week (30,864) represents 1.93% of all adults in the San Diego DMA that are estimated to have bought gas in the last week (1,598,300).

$$\frac{30{,}864}{1{,}598{,}300} \times 100 = 1.93$$

B. Behavior's Users/100 HHs - Out of every 100 households in the Santee ZIP Code, there approximately 147 (147.22) adults that have bought gas in the last week.

$$\frac{30{,}864}{20{,}965} \times 100 = 147.22$$

C. Behavior's MPI - With a users-per-100-households rate of 147.22, households in the Santee ZIP Code are 12% more likely to have bought gas (MPI of 112) than the average household (users per 100 households of 131.44 from the Profile Worksheet report's total row).

$$\frac{147.22}{131.44} \times 100 = 112$$

D. Consumption Behavior's Market Consumption Index - Santee ZIP Code's consumption rate (16.16) (this is the Demand/Users, which is the geounit's Total Demand divided by the user count) shows that households in the county are 7% less likely (MCI of 93) to consume at a higher rate than the profile's total consumption measure (non-projected total consumption rate from the Segment Consumption report).

$$\frac{16.16}{17.37} \times 100 = 93$$

E. Consumption Behavior's % Share - Santee ZIP Code's total demand (498,697) represents 1.93% of the total demand of the San Diego DMA DMA (25,829,712).

$$\frac{498,697}{25,829,712} \times 100 = 1.93$$

F. Consumption Behavior's Market Demand Index - The consumption demand for Santee ZIP Code households (23.79) compared to the consumption demand for the entire profile (22.56, from the Segment Consumption report) shows that the county garners 5% higher demand (MDI of 105) than the profile's average household.

$$\frac{498,697}{20,965} \quad 23.79$$

AND

$$\frac{1,080,334}{47,883} \quad 22.56$$

THEREFORE

$$\frac{23.79}{22.56} \times 100 = 105$$

Actual Consumption

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Locator Reports, the Actual Consumption report compares geographic summary counts of a behavior to a base, and it goes one step further to include behavior consumption measures.

Actual Consumption Formulas

This analysis uses the following formulas:

- Percent composition of base households in each geounit and percent composition of actual consumption (i.e., behavioral or demographic characteristic) households in each geounit

$$\frac{\text{Geounit Count}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

AND

$$\frac{\text{Geounit's Behavior Count}}{\text{Total Behavior Count}} \times 100 = \text{Percent Composition}$$

- How much higher or lower a particular geounit's average household consumption rate is (based on 100) than the average rate for the analysis area

$$\frac{\text{Geounit's Average HH Consumption Rate}}{\text{Analysis Area's Average HH Consumption Rate}} \times 100 = \text{Index}$$

- The percentage of market share that a particular geounit holds for a behavior's consumption in relation to all geounits in the specified analysis area

$$\frac{\text{Geounit's Consumption Value}}{\text{Total Consumption Value}} \times 100 = \text{Percent Share}$$

- A geounit's actual customer consumption performance (percent share) based on the base household count's percent composition

$$\frac{\text{Geounit's \% Share}}{\text{Geounit's Base \% Composition}} \times 100 = \text{Actual Consumption Index}$$

Actual Consumption Sample Report

The following sample report illustrates actual consumption for niche-market hypothetical natural soft drink users in the San Diego Market.

Actual Consumption

Analysis Area Code	Analysis Area Name	Base		Behavior		Average Consumption		Total Consumption		
		Base Count	Base % comp	Count	% Comp	Demand/ Users	Index	Total Consumed	% Share	Actual Consumption Index
92036	Julian	179	0.21%	80	8.05%	1.66	9	133	0.74%	359
92058	Oceanside	18,731	[A] 21.67%	365	[A] 36.72%	25.00	[B] 139	9,125	[C] 51.06%	[D] 236
92071	Santee	14,695	17.00%	89	8.95%	35.39	197	3,150	17.53%	104
92065	Ramona	8,195	9.48%	112	11.27%	11.21	62	1,256	7.03%	74
	Total	86,426	100%	994	100%	17.98	100	17,870	100%	100

(Drink Soda (A))

A. Base Households % Comp and Behavior Households % Comp - The number of households in ZIP Code 92058 (18,731) represents 21.67% of the total households (86,426) in all of the San Diego market. Also, the number of user households in ZIP Code 22204 (365) represents 36.72% of the total user households (994) in all of the San Diego market.

$$\frac{18,731}{86,426} \times 100 = 21.67 \quad \text{OR} \quad \frac{365}{944} \times 100 = 36.72$$

B. Index - User households in ZIP Code 92058 have an average consumption rate per household (25.00) that is 39% higher (index of 139) than the average consumption rate per household (17.98) for the San Diego market ZIP Code.

$$\frac{25.00}{17.98} \times 100 = 139$$

C. Consumption % Share - The number of bottles of soda consumed by user households in ZIP Code 92058 (9,125) represents 51.06% of all the bottles of soda consumed by user households in San Diego market (17,870).
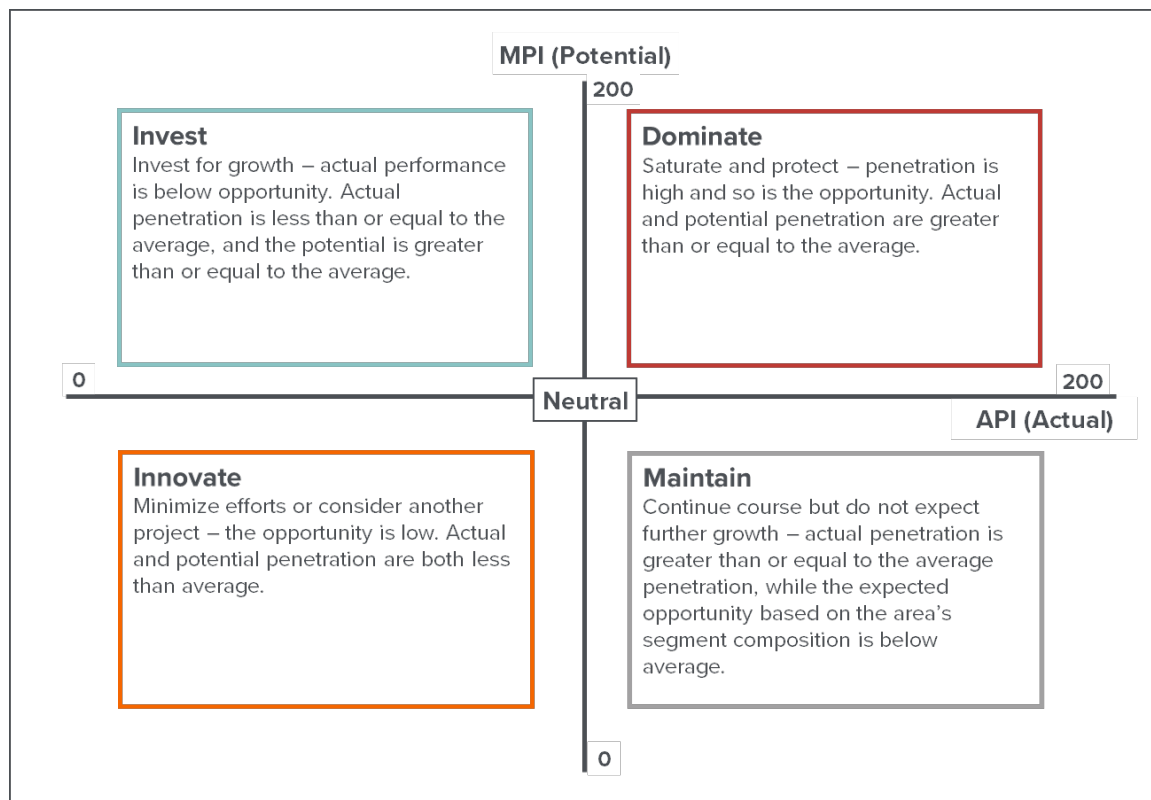
$$\frac{9,125}{17,870} \times 100 = 51.06$$

D. Actual Consumption Index (ACI) - The number of bottles of soda consumed by user households in ZIP Code 92058 is 136% higher (ACI of 236) than the average number of bottles consumed by the average ZIP Code in the San Diego market.

$$\frac{51.06}{21.67} \times 100 = 236$$

Actual vs. Potential

Found in Claritas 360 under Reports ➦ Segmentation Reports ➦ Locator Reports, the Actual vs. Potential report compares actual customer counts to market potential to help identify the amount of strategic opportunity by detail-level geographies in an analysis area. This analysis is based on the concept that the ratio of each geography's actual and market potential index can be plotted on a grid whose four quadrants each represent one of the following marketing strategies:

MPI (Potential)
200

Invest
Invest for growth – actual performance is below opportunity. Actual penetration is less than or equal to the average, and the potential is greater than or equal to the average.

Dominate
Saturate and protect – penetration is high and so is the opportunity. Actual and potential penetration are greater than or equal to the average.

0
Neutral
200
API (Actual)

Innovate
Minimize efforts or consider another project – the opportunity is low. Actual and potential penetration are both less than average.

Maintain
Continue course but do not expect further growth – actual penetration is greater than or equal to the average penetration, while the expected opportunity based on the area's segment composition is below average.

0

One of these strategies is recommended for each detail-level geography in the analysis area.

Note: When considering the action indicated by a particular geounit's strategy, it is advisable to also consider how well the geounit's percent potential aligns with its strategy. Some percent potential percentages suggest a different action. For example, a geounit that falls under the Dominate strategy but has a percent potential of 75% should be considered for additional investment.

Actual vs. Potential Formulas

This analysis uses the following formulas:

- Percent composition of each geounit in your comparison analysis area

$$\frac{\text{Geounit Count}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Percent potential of the behavioral characteristic into market potential count of estimated users for each geounit

$$\frac{\text{Actual Customers}}{\text{Estimated Customers}} \times 100 = \text{Percent Potential}$$

- Index of actual penetration for each geounit

$$\frac{\left(\dfrac{\text{Behavior Count}}{\text{Base Count}}\right)}{\left(\dfrac{\text{Total Behavior Count}}{\text{Total Base Count}}\right)} \times 100 = \text{Actual Penetration Index}$$

- Index of market potential for each geounit

$$\frac{\left(\dfrac{\text{Estimated User Count}}{\text{Base Count}}\right)}{\left(\dfrac{\text{Profile Total Behavior Count}}{\text{Profile Total Base Count}}\right)} \times 100 = \text{Market Potential Index}$$

Actual vs. Potential Sample Report

The following sample report illustrates marketing strategies for hypothetical satellite television clients (actual clients) in the San Diego, CA market, comparing these actual clients to households, by ZIP Code, who are estimated to subscribe to satellite television (potential clients):

Actual Vs Potential

Strategy	Analysis Area Code	Analysis Area Name	Satellite/Cable TV Subscribers (H) - Satellite TV data						
			Base HH Count	Base % Comp	Count	% Potential	Actual Penetration Index	Estimated Users	Market Potential Index
Dominate	92102	San Diego	14,695	7.00%	3,150	26.95%	104	11,689	100
Invest	91902	Bonita	10,436	[A] 12.08%	1,269	[B] 13.69	[C] 59	9,269	[D] 112
Maintain	92003	Bonsall	18,731	21.67%	9,125	65.92%	236	13,842	93
Innovate	92122	San Diego	6,765	7.83%	785	15.67%	56	5,010	93
		Total	86,426	100.00%	17,870	26.13%	100	68,384	100

A. Base % Comp - The number of households in ZIP Code 91902 (10,436) represents 12.08% of the total households (86,426) in all of the San Diego market.

$$\frac{10,436}{86,426} \times 100 = 12.08$$

B. Behavior % Potential - The number of actual satellite TV subscribers in ZIP Code 91902 (1,269) captures 13.69% of the potential estimated user households (9,269) in ZIP Code 91902.

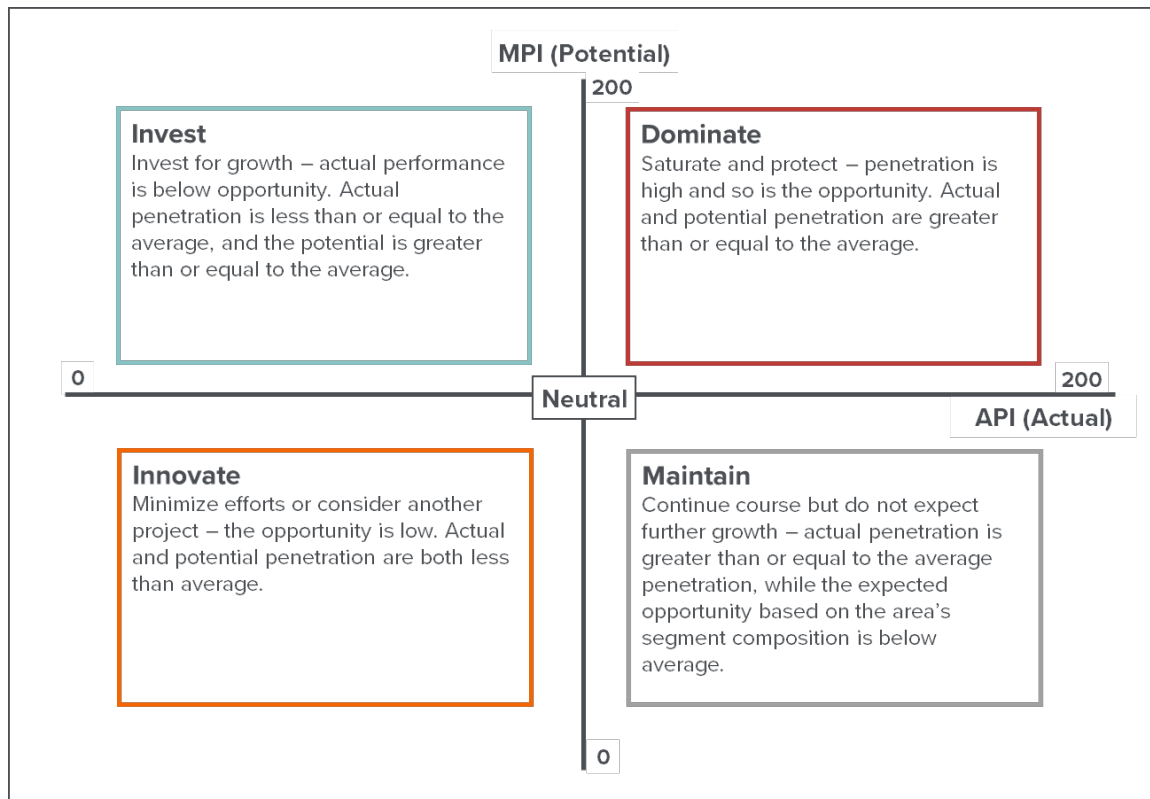$$\frac{1,269}{9,269} \times 100 = 13.69$$

C. Actual Penetration Index - Households that subscribe to satellite TV are about half as concentrated in ZIP Code 91902 (index of 59) than they are in other San Diego ZIP Codes.

$$\frac{1,269}{10,436} \times 100 = 12.16\% \text{ (\% Pen from Actual Penetration)}$$

AND

$$\frac{17,870}{86,426} \times 100 = 20.68 \text{ (Total \%Pen)}$$

THEREFORE

$$\frac{12.16}{20.68} \times 100 = 59$$

D. Market Potential Index - Households in ZIP Code 91902 are 12% more likely (MPI of 112) to subscribe to satellite TV than households in other San Diego ZIP Codes. (See "Market Potential Index".)

Actual vs. Potential Consumption

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Locator Reports, the Actual vs. Potential Consumption report compares actual customer consumption to market potential to help identify the amount of strategic opportunity by detail-level geographies in an analysis area. This analysis is based on the concept that the ratio of each geography's actual and market potential index can be plotted on a grid whose four quadrants each represent one of the following marketing strategies:

One of these strategies is recommended for each detail-level geography in the analysis area.

Note: When considering the action indicated by a particular geounit's strategy, it is advisable to also consider how well the geounit's percent potential aligns with its strategy. Some percent potential percentages suggest a different action. For example, a geounit that falls under the Dominate strategy but has a percent potential of 75% should be considered for additional investment.

Actual vs. Potential Consumption Formulas

This analysis uses the following formulas:

- Percent composition of each geounit in your comparison analysis area

$$\frac{\text{Geounit Count}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Percent potential of the behavioral characteristic into market potential count of estimated consumption for each geounit.

$$\frac{\text{Actual Customers}}{\text{Estimated Customers}} \times 100 = \text{Percent Potential}$$

- The percentage of market share that a particular geounit holds for a behavior's consumption in relation to all geounits in the specified analysis area or the percentage of potential market share that a particular geounit holds for a behavior's consumption in relation to all geounits in the specified analysis area

$$\frac{\text{Geounit's Consumption Value}}{\text{Total Consumption Value}} \times 100 = \text{Percent Share}$$

OR

$$\frac{\text{Geounit's Potential Consumption Value}}{\text{Total Potential Consumption Value}} \times 100 = \text{Percent Share}$$

- A geounit's actual customer consumption performance (percent share) based on the base household count's percent composition

$$\frac{\text{Geounit's \%Share}}{\text{Geounit's Base \% Composition}} \times 100 = \text{Actual Consumption Index}$$

- A geounit's MDI (from the Market Consumption report)

Actual vs. Potential Consumption Sample Report

The following sample report illustrates marketing strategies for niche-market hypothetical natural soft drink users in a San Diego, CA market, comparing these actual clients to households, by ZIP Code, who use soft drinks other than colas or those that are artificially flavored (potential clients):

Actual Vs Potential Consumption											
			Base Count				Consumption Behavior			Potential Demand	
Strategy	Analysis Area Code	Analysis Area Name	Drink Other Reg. Carbntd Soft Drinks (A) - Natural Soft Drink Product								
			Base Count	Base % Comp	% Potential	Total Consumed	% Share	Actual Consumption Index	Total Demand	% Share	Market Demand Index
Dominate	92102	San Diego	11,180	12.94%	4.41%	672	6.21%	2,998	1,110	0.27%	132
Invest	92021	El Cajon	18,731	[A] 21.67%	[B] 2.11%	2,027	[C] 18.73%	[D] 86	96,089	[C] 23.57%	[E] 109
Maintain	92025	Escondido	929	1.07%	19.58%	663	6.13%	570	3,386	0.83%	78
Innovate	91913	Chula Vista	9,442	10.92%	0.55%	290	2.68%	25	44,202	10.84%	100
		Total	86,426	100.00%	2.65%	10,821	100.00%	100	407,756	100.00%	101

A. Base % Comp - The number of households in ZIP Code 92021 (18,731) represents 21.67% of the total households (86,426) in all of the San Diego, CA market.

$$\frac{18,731}{86,426} \times 100 = 21.67$$

B. Consumption % Potential - The number of natural soda consumed in ZIP Code 92021 (2,027) comprises 2.11% of the potential estimated consumption (96,089) in ZIP Code 92021.

$$\frac{2,027}{96,089} \times 100 = 2.11$$

C. Consumption % Share and Potential % Share - The number of bottles of soda consumed by user households in ZIP Code 92021 (2,027) represents 18.73% of all the bottles consumed by user households in the San Diego market (10,821). Also, the potential number of bottles of "other" soda expected to be consumed by user households in ZIP Code 92021 (96,089) represents 23.57% of all the bottles potentially consumed by user households in Arlington County (407,756).

$$\frac{2,027}{10,821} \times 100 = 18.73 \quad \text{OR} \quad \frac{96,089}{407,756} \times 100 = 23.57$$

D. Actual Consumption Index - The number of bottles of soda consumed by user households in ZIP Code 92021 is 14% lower (ACI of 86) than the average number of bottles consumed by the average ZIP Code in the San Diego Market.

$$\frac{18.73}{21.67} \times 100 = 86$$

E. Market Demand Index - Households in ZIP Code 92021 have a consumption demand that is 9% higher (MDI of 109), from the Market Consumption report) when compared to all households in the San Diego Market ZIP Codes. (See the "Market Demand Index" section.)

Dominant Target

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Locator Reports, the Dominant Target report locates the targets with the highest concentration in each analysis area.

Dominant Target Formulas

This analysis uses the following formulas:

- Percent composition of base households

$$\frac{Geounit\ Count}{Total\ Count} \times 100 = Percent\ Composition$$

- Percent penetration of target households

$$\frac{Count}{Base\ Count} \times 100 = Percent\ Penetration$$

Dominant Target Sample Report

The following sample report shows which target in the Claritas PRIZM Premier Lifestage group is most prevalent within each ZIP Code in the Chicago, IL DMA:

Dominant Target						
Dominant Target						
Dominant Target	Analysis Area Code	Analysis Area Name	Y1 Midlife Success [04, 13, 21, 25, 31, 34, 35]			
			Base Count	Base % Comp	Count	% Pen
[A] Y1 Midlife Success	60173	Schaumburg	6,059	0.32%	3,343	[B] 55.17%
Y1 Midlife Success	60706	Harhood Heights	9,105	0.49%	3,215	35.31%
Y1 Midlife Success	60176	Schiller Park	4,300	0.23%	769	17.88%
Y1 Midlife Success	6047	Chicago	35,659	1.91%	21,438	60.12%

A. Dominant Target - The Lifestage Group with the highest percent penetration in the Schaumburg ZIP Code is the Midlife Success target.

B. % Pen - The number of Midlife Success households in the Schaumburg ZIP Code (3,343) represents 55.17% of the current population in the entire ZIP Code (6,059).

$$\frac{3{,}343}{6{,}059} \times 100 = 55.17$$

Target Concentration

Found in Claritas 360 under Reports ➜ Segmentation Reports ➜ Locator Reports, the Target Concentration report shows the household distribution of selected targets and/or segments in an analysis area compared to total households in the analysis area.

Target Concentration Formulas

This analysis uses the following formulas:

- Percent composition of segment/target households

$$\frac{\text{Segment/Target Count}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

- Percent penetration of segment/target households for each geounit

$$\frac{\text{Segment/Target Count}}{\text{Base Count}} \times 100 = \text{Percent Penetration}$$

- Index of segment/target households

$$\frac{\text{\% Composition of Segment/Target Count}}{\text{\% Composition of Base}} \times 100 = \text{Index}$$

Target Concentration Sample Report

The following sample report shows the prevalence of the Midlife Success target within counties in the Atlanta, GA DMA:

Target Concentration

Analysis Area Code	Analysis Area Name	Y1 Midlife Success [04, 13, 21, 25, 31, 34, 35]					
		Base Count	Base % Comp	Count	% Comp	% Pen	Index
13089	Dekalb County	302,590	[A] 20.07%	53,284	[B] 25.52%	[C] 17.61%	[D] 127
13057	Cherokee County	89,105	5.91%	1,460	0.70%	1.64%	12
13067	Cobb County	290,052	19.24%	28,274	13.54%	9.75%	70
13117	Fulton County	436,064	28.92%	108,950	52.18%	24.98%	180

E. Base % Comp - The current population in Dekalb County (302,590) represents 20.07% of the entire Atlanta DMA population (3,410,201).

$$\frac{302,590}{1,507,673} \times 100 = 20.07$$

F. % Comp - The number of Midlife Success households in Dekalb County (53,284) represents 25.52% of the Midlife Success households in all of the Atlanta DMA (208,793).

$$\frac{53,284}{208,793} \times 100 = 25.52$$

G. **% Pen** - The number of Midlife Success households in Dekalb County (53,284) represents 17.61% of the households in the entire county (80,724).

$$\frac{53,284}{302,590} \times 100 = 17.61$$

H. **Index** - Midlife Success households are 27% more likely (127) to live in Dekalb County than in the average Atlanta County.

$$\frac{25.52}{20.07} \times 100 = 127$$

GLOSSARY OF TERMS

% Across

See % Pen, % Penetration.

Behavior (Count)

Distribution of counts of product buyers, users, or responders across all segments.

% Comp, % Composition

Measure indicating the percentage of a total that belongs to a subset of that total. Calculated by dividing the value for the subset (i.e., geounit or segment) by the value for the total (i.e., total analysis area or profile) and multiplying by 100. Also known as % Down.

Formula

$$\frac{\text{Geounit / Segment Code}}{\text{Total Count}} \times 100 = \text{Percent Composition}$$

% Pen, % Penetration

Measure indicating the percentage of a base (e.g., population) that engages in a certain behavior or characteristic. Calculated by dividing the count for the behavior by the count for the base and multiplying by 100. Also known as % Across.

Formula

$$\frac{\text{Behavior Count}}{\text{Base Count}} \times 100 = \text{Percent Penetration}$$

% Potential

A measure that indicates the percentage of client households based on the estimated consumption in the detail area. This is calculated by dividing the actual imported count for the behavior by the estimated user count and multiplying by 100.

Formula

$$\frac{\text{Actual Client Count}}{\text{Estimated Client Count}} \times 100 = \text{Percent Potential}$$

% Share

A measure that indicates the percentage of total demand that a particular segment or geography holds as a percent of total demand for all segments or geographies.

Formula

$$\frac{\text{Segment / Geography Consumption Total Demand}}{\text{All Segments / Geographies Consumption Total Demand}} \times 100 = \text{Percent Share}$$

% Total

A measure that indicates the percentage that the selected segments (i.e., target) comprise for a given behavior in relation to all segments (i.e., total profile).

Formula

$$\frac{\text{Behavior Target Count}}{\text{Total Profile Behavior Count}} \times 100 = \text{Percent Total}$$

Actual Consumption Index

See ACI.

Actual Penetration Index

See API.

Analysis Area

A geographic area in which one conducts business or plans to conduct business. These are typically partitioned by a component geography (e.g., Atlanta DMA by ZIP Code).

API

An indicator that depicts the extent to which you have penetrated a given area compared to the base area. The Actual Penetration Index is calculated by dividing the actual percent penetration for your area by the percent penetration for the base area and multiplying by 100.

Base (Count)

A variable or frequency whose values represent the "universe" against which another variable or frequency is compared. For example, the base for Population Age

18-24 is Population and the base for Household Income $100,000+ is Households. The base count is generally used to calculate penetration percentages and indices.

Consumption Profile

A frequency related to a product/service consumption rate for its associated behavior. For example, the behavioral profile, Imported Beer Last 6 Months, has the consumption profile, Glasses Per Week.

Count

Count retrieved from the database for a record, or a summary count calculated for a group of records.

Customer Households

Households that use a product. Customer counts typically originate from files that have been geocoded and segment appended, and then summarized to the geographic or segment level.

Demand Per Users

See Demand/Users.

Demand/Users

The average consumption rate of a product profile for user households in an entire analysis area.

Distribution

A set of counts typically within a geography (e.g., counts of households by segment within ZIP Code 22201).

Estimated Users

The number of households within a selected geography that are likely to either consume a particular product or service, or demonstrate a particular behavior.

Formula

For any given geography:

The sum of (Segment Households x Profile's % Pen Per Segment) = Estimates Users

$$\sum_{i=1}^{n} \left(\text{Segment Households}_{(i)} \times \text{Segment \% Pen}_{(i)} \right)$$

(where n = number of segments in the system.)

Frequency

A set of counts, typically by segment, for a specific behavior or base (for example, counts of households that read Business Week for all Claritas PRIZM Premier segments).

Household

All persons who are current residents of a housing unit. (A housing unit is a house, apartment, mobile home, group of rooms, or single room occupied as separate living quarters.)

Index

Indicator of the extent to which a lifestyle, demographic characteristic, or propensity to use or buy a product is concentrated in a given analysis area or segment, compared to an average of 100. An index near 100 indicates an analysis area or segment that is no more or less likely to use your product than the United States average, while a high index indicates a high likelihood to use. In general, the higher the index is above 100, the better the analysis aera or segment is for your product. Also known as Index of Concentration.

Note: An unusually high or low index of concentration may indicate a small sample size. Check the counts for both the product and its base before proceeding, especially if you are working with a profile based on a local or regional area that does not include a fair representation of all segments.

Formula

$$\frac{\% \text{ Penetration of Subset*}}{\% \text{ Penetration of Total}} \quad \text{OR} \quad \frac{\% \text{ Composition of Behavior}}{\% \text{ Composition of Base}} \times 100 = \text{Index}$$

Note: the subset is typically a segment or a geounit.

Market Consumption Index

See MCI.

Market Demand Index

See MDI.

Market Potential Index

See MPI.

MCI

An index that indicates the consumption rate for a geounit compared to the overall rate for the associated behavioral profile.

Formula

$$\frac{\text{Geounit's Consumption Rate (Measure)}}{\text{Profile's Total Consumption Rate (Measure)}} \times 100 = \text{Market Consumption Index}$$

MDI

An index that indicates a geounit's total demand in relation to its total base households relative to the profile's total demand in relation to its total households.

Formula/Example

If analyzing ginger ale consumption by county in the Amarillo, Texas DMA, this index would be derived by first dividing the Total Demand for consumption in, for example, Cottle County, by the number of households, which yields the average consumption per base household:

$$\frac{14{,}329 \text{ (Total glasses of ginger ale consumed by Cottle Co., last 6 months)}}{778 \text{ (Total Cottle Co. households)}} = 18.42$$

The average number of glasses of ginger ale per household for the entire United States is then calculated. (The total values for this calculation can be obtained by generating a Segment Consumption report for the same profile being analyzed in the Market Consumption report.):

$$\frac{757{,}995{,}854 \text{ (Total consumption for entire profile)}}{103{,}192{,}375 \text{ (Total base households)}} = 7.35$$

The average number of glasses consumed for Cottle County base households is divided by the average number for base households and then multiplied by 100 to derive the Market Demand Index:

$$\frac{18.42}{7.35} \times 100 = 251 \text{ (MDI)}$$

As such, households in Cottle County are consuming ginger ale at a rage that is 2.5 times the national average.

MPI

An index that indicates a geounit's market potential in relation to its total base households relative to the profiles's overall usage rate. This measure identifies the potential of a product in an analysis area if all segments behave according to their national norms, without taking into account such factors as product distribution, pricing, competition, climate, or brand awareness.

Essentially, this is the percent penetration of estimated users within a given geounit, compared to the total percent penetration observed in the comparison profile.

Formula

$$\frac{\text{Estimated Users Count}}{\text{Total Base Count}} \times 100 = \text{Geounit \% Pen}$$

AND

$$\frac{\text{Profile Users Count}}{\text{Total Base Count}} \times 100 = \text{Profile \% Pen}$$

THEREFORE

$$\frac{\text{Geounit's \% Pen}}{\text{Profile's \%Pen}} \times 100 = \text{Market Potential Index}$$

Percent Penetration

See % Pen, % Penetration.

Percent Composition

See % Comp, % Composition.

Percent Total

See % Total.

Profile

In a segmentation system, a collection of frequencies representing the distribution of a given behavior among all of the segments compared to the "base" distribution of the universe from which it was drawn. For example, the profile Own a Dog contains the count of dog owners in Segment 1, the count of dog owners in Segment 2, and so forth, compared to total adults in Segment 1, Segment 2, and all remaining segments in the segmentation system.

Rank Order Correlation

See ROC.

ROC

A measurement of the similarity between the index ordering of all segments across two profiles.

When two profiles are positively correlated, a direct relationship exists such that higher segment values on one profile are associated with higher segment values on the other profile. When profiles are perfectly matched in segment rank order, they have a perfect positive correlation, and an ROC coefficient of 1.0, which is the upper limit. When two profiles are completely opposite in segment rank order they are said to have a perfect negative correlation, and they have an ROC coefficient of -1.0, which is the lower limit. When two profiles have a coefficient of 0, they are said to be uncorrelated.

Note: The ROC calculation is almost identical to the standard Spearman rank order correlation, in which the strength and direction of a correlation is indicated by a value in the range 1.0 (perfect positive correlation) to -1.0 (perfect negative correlation), except that it is controlled for zero and missing values.

Segment

A unique element of a segmentation system, such as PRIZM® Premier Segment 2, Networked Neighbors.

Note: Segments are sometimes referred to as clusters. Although the term "cluster" is usually used to refer to a segment only within PRIZM, the terms are used interchangeably.

Segmentation System

A system, such as Claritas PRIZM Premier, Claritas P$YCLE Premier and Claritas ConneXions, that can be used to segment an analysis area or a subset of consumers into manageable groups that can be pinpointed in a marketing campaign.

Target

A group of segments with similar demographics, lifestyles, and behavior toward a product or service. Segments within the target will typically be treated as one entity for marketing purposes.

Target Group

A set of targets considered to be strategically important for a marketing program. All segments must be assigned to a target and the group usually has at least one "low opportunity" target to collect all segments with low propensity to use the product/service and therefore will not be the focus of the campaign.

Users/100 HHs

A measure that indicates the percentage of adult/household behavior frequency that belongs to a subset of household base frequency. This is calculated by dividing the segment or analysis area count for the behavior by the segment or analysis area count for the base and multiplying by 100.

Formula

$$\frac{\text{Behavior Count}}{\text{Base Count}} \times 100 = \text{Users/100 HHs}$$

Users Per 100 Households

See Users/100 HHs.

Variable

A data field in a database record that can be used to store counts, averages, or text strings (e.g., codes or names). For example, in the ZIP data set, the variable Households is used to store household counts for each ZIP Code in the database, the variable Median Household Income is used to store the median household income for each ZIP Code, and the variable Post Office Name is used to store each ZIP Code's post office name.

Volumetric Profile

See Consumption Profile.

TECHNICAL SUPPORT

If you need further assistance, not provided in document, please contact the Claritas Solution Center between 9:00 a.m. and 8:00 p.m. (Monday through Friday, EST) at 800.866.6511.

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