



# Market Potential

## Interpretation & Calculations

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### OVERVIEW

The Market Potential Report compares the current usage patterns for one or more product profiles in an analysis area. It calculates a Market Potential Index to help determine the potential for introducing new products and services, or for developing strategies for cross-selling products and services based on current consumption trends.

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### BUSINESS ISSUES IT CAN SOLVE FOR:

- Identify opportunities for selling a product or service.
- Identify analysis areas to find potential locations to promote products and services.
- Compare usage patterns for your products, competitive products and similar products in one or more analysis areas.
- Rank the penetration of products and services in one or more analysis areas.

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### WHAT QUESTIONS CAN IT ANSWER/WHY IS IT IMPORTANT?

- Where is the opportunity for my product or service?
- Where is the opportunity for a new or competitor's product or service?
- How can I identify areas for potential locations?

## SAMPLE REPORT OUTPUT

Market Potential							
Analysis Area Code	Analysis Area Name	Has Wearable Device (e.g. FitBit, Nike Fuelband, etc.) (H)					
		Base Count	Base % Comp	Estimated Users	% Comp	Users/100 HHs	Market Potential Index
[A] 13117	Forsyth County	[B] 77,760	[C] 3.55%	[D] 15,507	[E] 4.70%	[F] 19.94	[G] 132
13113	Fayette County	41,293	1.89%	7,016	2.13%	16.99	113
13057	Cherokee County	89,105	4.07%	15,123	4.58%	16.97	112
13067	Cobb County	290,052	13.26%	47,439	14.37%	16.36	108

- A. Analysis Area Code/Name: Each analysis area is identified by code and name.
- B. Base Count: Total number of households within the selected geography. Ex) There are 77,760 households in Forsyth County.
- C. Base % Comp: The percentage of households in the selected geography compared to the total number of households in the base geography. Ex) Forsyth County makes up 3.55% of the households in the Atlanta CBSA.
- D. Estimated Users: The total number of households/adults in each analysis area that fit the profile behavior. Note that if this is an adult profile, which is denoted by '(A)' in the profile name, this will be the estimated number of adults; otherwise, it is the estimated number of households. Ex) There are an estimated 15,507 households in Forsyth County that have a wearable device.
- E. % Comp: The percentage of estimated users in the selected geography compared to the total number of estimated users in the base geography. Ex) 4.70% of wearable device users in the Atlanta CBSA are located in Forsyth County.
- F. Users/100 HHs: The proportion of households/adults that have the profile behavior compared to the total households in the selected geography. Ex) Out of every 100 households in Forsyth County, there are an estimated 19.94 households that have a wearable device.
- G. MPI: The likelihood that the selected geography has households with the profile behavior, as compared to the base geography. Ex) Forsyth County is 32% more likely to have households with a wearable device when compared to other counties in the Atlanta CBSA. An index of 100 is considered average. (Note: If the data was run with the Analysis Area Index prompt turned off, the index compares to the entire U.S. instead of the base geography.)

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## REPORT FORMULAS

This analysis uses the following formulas:

- Estimated users:

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 an example profile, assume 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

- Percent Penetration

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

- Market Potential Index (MPI)

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