

Actual vs Potential Consumption Report

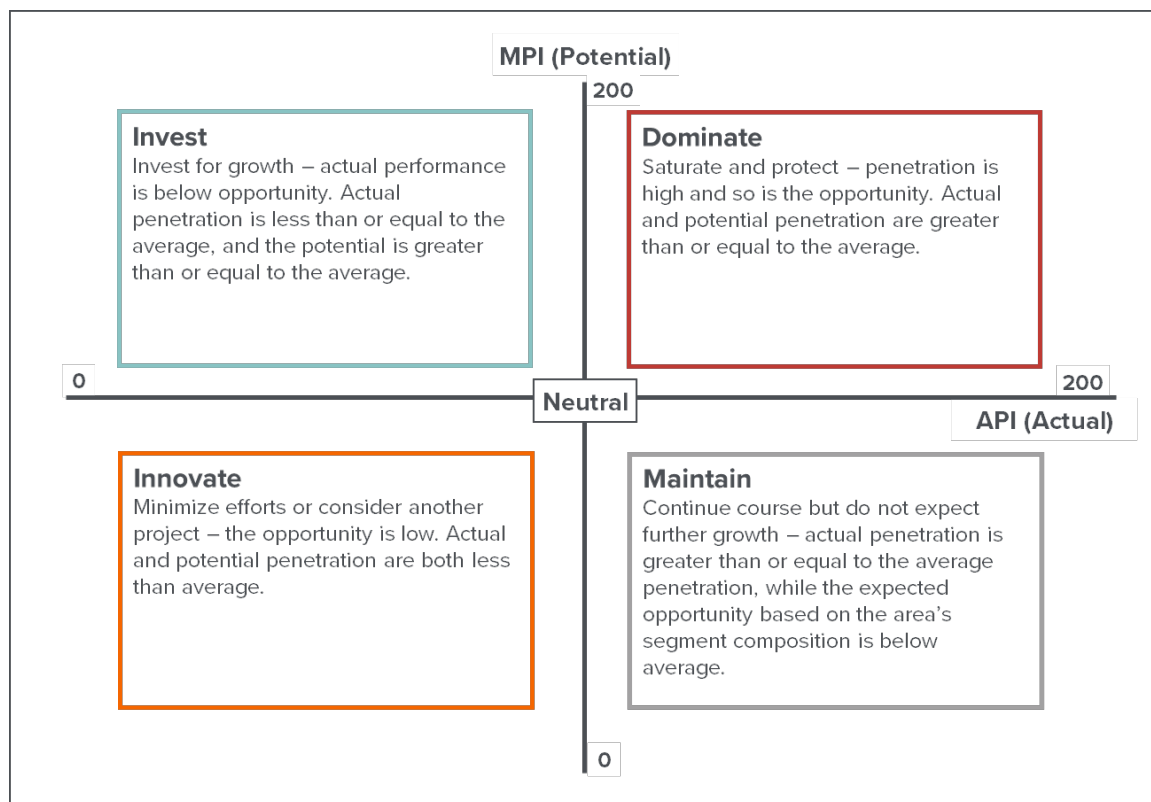
Interpretation & Calculations

OVERVIEW

The Actual vs. Potential Consumption report compares actual customer consumption (a geosummary file containing consumption data) to market potential (a consumption profile) to help identify the amount of strategic opportunity by detail-level geographies in an analysis area.

Note: Consumption captures ‘how much’ or ‘how many’ of a product or service was used. It often captures total sales or units purchased.

The Actual vs. Potential Consumption analysis is based on the concept that the ratio of each geography’s actual consumption and market demand index can be plotted on a grid whose four quadrants each represent one of the following marketing strategies:



BUSINESS ISSUES IT CAN SOLVE FOR:

- Compare actual consumption to potential consumption to identify gaps.
- Compare the frequency with which each analysis area consumes different products.

WHAT QUESTIONS CAN IT ANSWER/WHY IS IT IMPORTANT?

- What product marketing strategy should I deploy in an area? (Dominate, Invest, Innovate, Maintain)
- How do my sales compare to the industry average in the area?

SAMPLE REPORT OUTPUT

Projected to Virginia

Actual Vs Potential Consumption											
			Base Count		Consumption Behavior				Potential Demand		
Strategy	Analysis Area Code	Analysis Area Name	Buy from Family Restaurant/Steakhouse - 1mo (A) - Sales								
			Base Count	Base % Comp	% Potential	Total Consumed	% Share	Actual Consumption Index	Total Demand	% Share	Market Demand Index
Dominate	23707	Portsmouth	5,912	0.16%	170.58%	60,000	10.03%	5,551	35,174	0.16%	108
Dominate	23223	Richmond	[A] 22,279	[B] 0.58%	[C] 28.76%	[D] 37,235	[E] 6.22%	[F] 914	[G] 129,485	[H] 0.58%	[I] 111
Maintain	22405	Fredericksburg	11,401	0.39%	23.71%	18,120	3.03%	869	76,423	0.39%	97
Maintain	24450	Lexington	6,616	0.18%	17.98%	5,850	0.98%	484	32,537	0.18%	92
		Total	3,272,718	100.00%	3.04%	598,310	100.00%	100	19,711,214	100.00%	98

- Base Household Count: The number of households in the selected geography. Ex) There are 22,279 households in Richmond.
- Base % Comp: The percentage of households in the selected geography compared to the total number of households in the base analysis area. Ex) Richmond makes up .58% of the state of Virginia.
- % Potential: The percentage of estimated consumption that was actually consumed. Ex) The total sales (consumption) from Family Restaurants/Steakhouses in Richmond, comprises 28.76% of the potential estimated sales.
- Total Consumed: The total consumption in the selected geography. Ex) There was \$37,235 in Family Restaurant/Steakhouse sales in Richmond.
- %Share (Consumption): The percentage of consumption in the selected geography compared to the total consumption in the base analysis area. Ex) Richmond makes up 6.22% of all Family Restaurant/Steakhouse sales in the state of Virginia.

- F. Actual Consumption Index: The likelihood of finding actual consumption in your selected geography compared to the base analysis area. Ex) The amount of Family Restaurant/Steakhouse sales in Richmond is over 9 times higher than the average sales in other ZIP Codes in Virginia. An index of 100 is considered average.
- G. Total Demand: the total expected consumption in the selected geography. Ex) There's an estimated \$129,485 in Family Restaurant/Steakhouse sales in Richmond.
- H. %Share (Demand): The percentage of expected consumption in the selected geography compared to the total consumption in the base analysis area. Ex) Richmond makes up .58% of the expected Family Restaurant/Steakhouse sales in the state of Virginia.
- I. Market Demand Index: The likelihood of finding expected consumption in your selected geography. Ex) The expected amount of Family Restaurant/Steakhouse sales in Richmond is 11% higher than other ZIP Codes in the base analysis area. 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 analysis area.

REPORT FORMULAS

This analysis uses the following formulas:

- Percent Composition

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

- Percent Potential

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

- Percent Share (Consumption & Demand)

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

OR

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

- Actual Consumption Index

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

- Market Demand Index

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