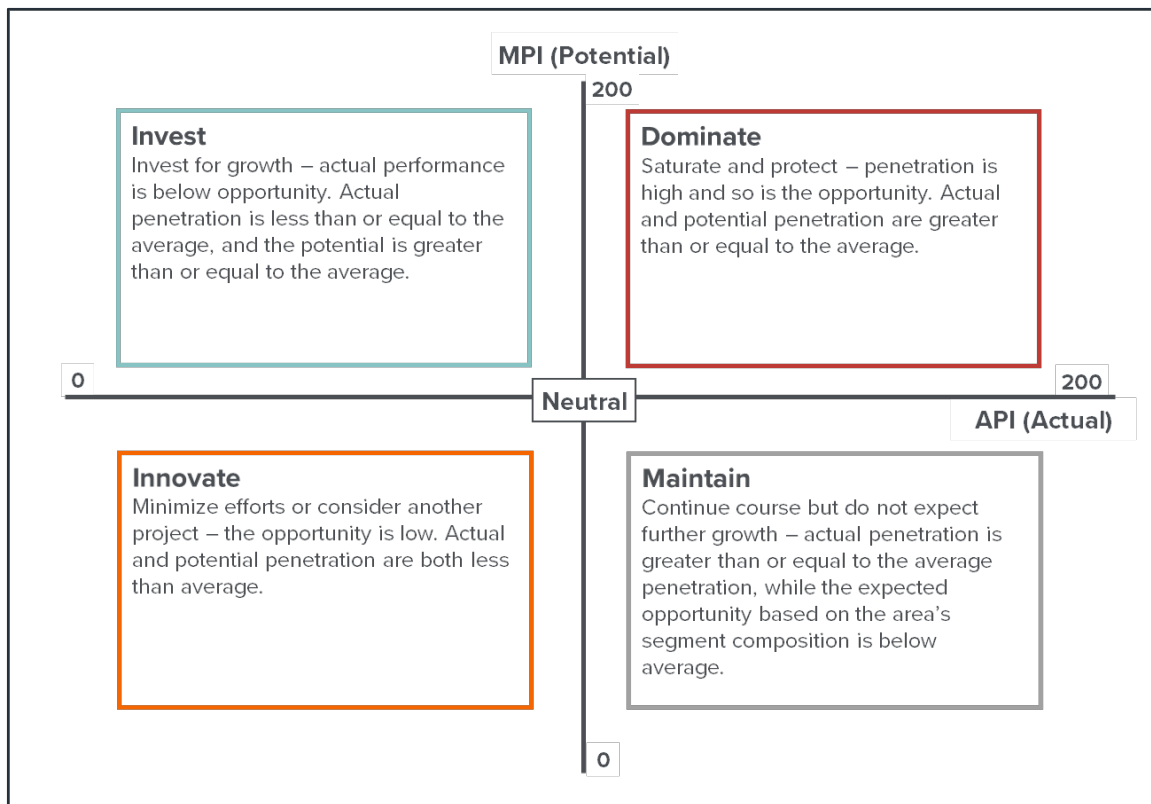


# Actual vs Potential Report

## Interpretation & Calculations

### OVERVIEW

The Actual vs. Potential report compares actual customer counts (a geosummary file) to market potential (a profile) 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 geographic unit's strategy, it is advisable to also consider how well the geography'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.

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## BUSINESS ISSUES IT CAN SOLVE FOR:

- Compare actual usage to potential usage to identify gaps.
- Identify opportunities for selling a product or service.
- Identify analysis areas to find potential locations to promote products or services.
- Compare usage patterns for your products, competitive products, and similar products in one or more analysis areas.
- Create an analysis area based on the strategy (Invest, Dominate, Maintain, or Innovate) for the selected profile. You can use the profiled analysis area for further research and reporting.

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

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

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## SAMPLE REPORT OUTPUT

Actual Vs Potential									
Strategy	Analysis Area Code	Analysis Area Name	Buy Running/Jogging Shoes - 1 yr (A) - Bought Running Shoes						
			Base HH Count	Base % Comp	Count	% Potential	Actual Penetration Index	Estimated Users	Market Potential Index
Dominate	22405	Fredericksburg	[A] 11,401	[B] 0.23%	[C] 302	[D] 8.04%	[E] 1515	[F] 3,754	[G] 128
Dominate	20640	Indian Head	3,730	0.06%	563	58.24%	8635	967	101
Maintain	24450	Lexington	6,616	0.06%	585	57.15%	5058	1,024	60
Innovate	23024	Bumpass	3,541	0.04%	900	130.67%	1450	689	75

- A. Base Household Count: The number of households in the selected geography. Ex) There are 11,401 households in Fredericksburg.
- B. Base % Comp: The percentage of households in the selected geography compared to the total number of households in the base analysis area. Ex) Fredericksburg makes up .23% of the state of Virginia.
- C. Count: The number of actual users who have engaged in the behavior (comes directly from the imported geosummary file). Ex) There are 302 adults who have purchased running shoes in Fredericksburg.
- D. % Potential: The percentage of estimated users who are actually engaging in the behavior. Ex) In Fredericksburg, of the 3754 estimated users, 8.04% of them have actually bought running shoes.

- E. Actual Penetration Index (API): The likelihood of finding actual users in your selected geography compared to the base analysis area. Ex) Fredericksburg is over 15 times more likely to have adults who have actually purchased running shoes compared to other ZIP Codes in Virginia. An index of 100 is considered average.
- F. Estimated Users: The total number of users in the selected geography that fit the profile behavior. Ex) There are an estimated 3,754 households in Fredericksburg that have bought running shoes.  
Note: 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.
- G. Market Potential Index (MPI): The likelihood that the selected geography has households with the profile behavior, as compared to the base analysis area. Ex) Fredericksburg is 28% more likely to have adults who have purchased running shoes compared to other ZIP Codes in Virginia. 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

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

- Actual Penetration Index (API)

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

- Market Potential Index (MPI)

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