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Methodology statement: 2023 Esri Market Potential

380 New York Street
Redlands, California 92373-8100 usa
909 793 2853
info@esri.com
esri.com



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Methodology statement: 2023 Esri Market Potential

Introduction

Esri's 2023 Market Potential data measures the likely demand for a product or service in an area, as well as expected consumer attitudes on topics such as spending, health, and the environment.

The database includes an estimate of the expected number of consumers and a Market Potential Index (MPI) for all items. The MPI compares the demand for a specific product or service in an area with the national demand for that product or service. The MPI values at the U.S. level are 100, representing overall demand. A value of more than 100 represents higher demand, and a value of less than 100 represents lower demand. For example, an index value of 120 implies that demand in an area is likely to be 20 percent higher than the U.S. average; an index value of 85 implies that demand is 15 percent lower.

How Esri calculates market potential

Esri calculates market potential by combining 2023 Tapestry Segmentation data with the MRI Survey of the American Consumer 2022 Doublebase from MRI-Simmons. Doublebase 2022 is an integration of information from four consumer surveys. Each survey respondent can be identified by Tapestry segment, so a rate of consumption by Tapestry segment can be determined for a product or service for any area.

The Expected Number of Consumers (households or adults) for a product or service in an area is computed by applying the consumption rate for Tapestry market segment n to households or adults in the area belonging to Tapestry segment n , and summing across 67 Tapestry segments.

$$\text{Expected Number of Consumers} = \sum_{n=1}^{67} (\text{Count}_n \times \text{Consumption Rate}_n)$$

The Local Consumption Rate for a product or service for an area is computed as the ratio of the expected number of consumers for a product or service in the area to the total households or adults in the area.

$$\text{Local Consumption Rate} = \frac{\text{Expected Number of Consumers}}{\text{Base Count}}$$

The Market Potential Index for a product or service for an area is the ratio of the local consumption rate for a product or service for the area to the U.S. consumption rate for the product or service, multiplied by 100.

$$\text{Market Potential Index} = \frac{\text{Local Consumption Rate}}{\text{U.S. Consumption Rate}} \times 100$$

Note that Market Potential product codes include an a or h following the first five digits to indicate a consumer base of adults or households, respectively.

Market Potential data update

Esri's 2023 Market Potential database incorporates the latest Tapestry Segmentation with new and revised items from the Doublebase 2022 consumer surveys to provide a fresh outlook on local consumer preferences. The 2023 data includes 3,350 items collected from MRI-Simmons surveys, grouped into the categories shown below.

Automobiles & Other Vehicles	Grocery Shopping	Media - Yellow Pages
Automotive Products & Maintenance	Health	Pets & Products
Baby Products	Personal Care Products & Service	Phones & Service
Toys & Games	Smoking	Psychographics & Advertising
Civic Activities & Political Affiliation	Garden/Lawn & Tools	Psychographics & Food
Clothing & Accessories	Home Improvement & Services	Psychographics & Lifestyle
Shoes	Household Furnishings & Appliances	Psychographics & Media
Electronics	Household Products	Psychographics & Shopping
Internet	Books & Cards	Restaurants
Finances	Leisure Activities/Lifestyle	Convenience Stores
Insurance	Media - Magazines & Newspapers	Shopping
Beverage Consumption - Alcohol	Media - Radio & Other Audio	Sports
Groceries	Media - TV Viewing	Travel

The Esri 2023 Market Potential update includes nearly 125 new items including the following:

- Sources used for purchasing/leasing vehicles
- Streaming video subscription services
- Websites/apps used for restaurant takeout/delivery
- Video game/console purchases
- Expanded number of items related to instant messaging/video chat services, coffee makers and brewing systems, and grocery items such as sparkling water/seltzers and plant/nut milk
- Additional items related to attitudes towards food, shopping, and technology

Note that there are two main reasons why an item is dropped from the Market Potential database.

- The Survey of the American Consumer no longer includes the item of interest in the questionnaire.
- The item of interest failed a statistical test for minimum sample size. In many cases, a thematically similar new item is created using data binning (for example, combining quantities, expenditures, age ranges, and so on to increase sample size).

The 2023 Market Potential update also includes a [glossary](#) for abbreviated words used in the item descriptions.

Due to the time period of the sampling for the Doublebase 2022 survey, the Esri 2023 Market Potential data includes changes in consumer demand and behavior attributable to COVID-19.

For more information about the Market Potential data, call 1-800-447-9778.

Esri's data development team

Led by chief demographer Kyle R. Cassal, Esri's data development team has more than 40 years of experience in market intelligence. The team's economists, statisticians, demographers, geographers, and analysts produce independent small-area demographic and socioeconomic estimates and forecasts for the United States. The team develops exclusive demographic models and methodologies to create market-proven datasets, many of which are now industry benchmarks, such as Tapestry™ Segmentation, Consumer Spending, Market Potential, and annual Updated Demographics. Esri® Demographics power ArcGIS® through dynamic web maps, data enrichment, reports, and infographics.



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Since 1969, Esri has helped customers unlock the full potential of data to improve operational and business results. Today, Esri software is deployed in more than 350,000 organizations including the world's largest cities, most national governments, 75 percent of Fortune 500 companies, and more than 7,000 colleges and universities. Esri engineers the most advanced solutions for digital transformation, the Internet of Things (IoT), and location analytics to inform the most authoritative maps in the world.

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Contact Esri

380 New York Street
Redlands, California 92373-8100 USA

1 800 447 9778
T 909 793 2853
F 909 793 5953
info@esri.com
esri.com

Offices worldwide
esri.com/locations

For more information, visit
esri.com/data/esri_data.