



AN ESRI
TECHNICAL PAPER

June 2024

Methodology statement: 2024 Esri Market Potential

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



esri®

THE
SCIENCE
OF
WHERE®

Copyright © 2024 Esri
All rights reserved.
Printed in the United States of America.

The information contained in this document is the exclusive property of Esri. This work is protected under United States copyright law and other international copyright treaties and conventions. No part of this work may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by any information storage or retrieval system, except as expressly permitted in writing by Esri. All requests should be sent to Attention: Contracts and Legal Services Manager, Esri, 380 New York Street, Redlands, CA 92373-8100 USA.

The information contained in this document is subject to change without notice.

Esri, the Esri globe logo, The Science of Where, Tapestry, ArcGIS, esri.com, and @esri.com are trademarks, service marks, or registered marks of Esri in the United States, the European Community, or certain other jurisdictions. Other companies and products or services mentioned herein may be trademarks, service marks, or registered marks of their respective mark owners.

Table of contents

| | |
|--|---|
| Introduction | 4 |
| How Esri calculates market potential | 4 |
| Market Potential update | 5 |

Methodology statement: 2024 Esri Market Potential

Introduction

Esri's 2024 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 estimates market potential by combining next generation Tapestry segmentation data with the MRI Survey of the American Consumer, 2023 Doublebase from MRI-Simmons. While the new segmentation system will not be fully released until October 2024, the Market Potential model fully incorporates the new neighborhood classification system. The 2023 Doublebase integrates information from four consumer survey waves covering the time period March 2021 through May 2023. 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 60 Tapestry segments.

$$\text{Expected Number of Consumers} = \sum_{n=1}^{60} (\text{Count}_n * \text{Consumption Rate}_n)$$

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 MPI 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.

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

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 update

Esri's 2024 Market Potential database incorporates the next generation Tapestry Segmentation with new and revised items from the Doublebase 2023 consumer surveys to provide a fresh outlook on local consumer preferences. The 2024 data includes 3,400 items collected from MRI-Simmons surveys, grouped into the following thematic categories:

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

The Esri 2024 Market Potential update includes more than 70 new items including the following:

- Ailment and prescription drug information
- Healthcare advertising actions
- Personal health appliances
- Ownership or leasing of compact or full-size pickup trucks
- Additional streaming video subscription services
- More recent video game consoles
- Pet food retailers
- Online grocery purchase pickup and delivery
- Identification as vegan or vegetarian

Note that there are two primary 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, expenditure ranges, and so on to increase sample size).

The 2024 Market Potential update includes a [glossary](#) for abbreviations and acronyms used in the item descriptions.

Esri's Data Development team

Led by chief demographer Kyle Cassal and economist Douglas Skuta, Esri's Data Development team uses sophisticated quantitative methods to produce small area demographic and socioeconomic data to support informed decision-making. The team builds on a rich history of market intelligence to produce trusted independent estimates and forecasts for the United States based on innovative methodologies that use public and private data sources with the power of ArcGIS. Esri's Data Development team provides more than 7,000 proprietary data items to better understand the characteristics of people and places across multiple statistical and administrative boundaries and custom trade areas.



Esri, the global market leader in geographic information system (GIS) software, location intelligence, and mapping, helps customers unlock the full potential of data to improve operational and business results.

Founded in 1969 in Redlands, California, USA, Esri software is deployed in more than 350,000 organizations globally and in over 200,000 institutions in the Americas, Asia and the Pacific, Europe, Africa, and the Middle East. Esri has partners and local distributors in over 100 countries on six continents, including Fortune 500 companies, government agencies, nonprofits, and universities. With its pioneering commitment to geospatial information technology, Esri engineers the most innovative solutions for digital transformation, the Internet of Things (IoT), and advanced analytics.

Visit us at esri.com.



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.